



FundsAtWork Umbrella  
Pension and Provident Funds

# Trustee member newsletter

July  
2020

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When we welcomed 2020 on 1 January, we didn't expect some of the surprises it had in store for us.

Maybe you can't wait for the year to be over. But as we enter the second half of the year and the winter chill bites, let's reframe 2020 and find new momentum on our journey to success.

One of the best ways to change the way we see situations and find the positives in tough times is reliable information which enables smart choices. This is what you can look forward to in this newsletter.

Stay safe, healthy and warm.

Regards

Regard Budler

Chairperson  
FundsAtWork Umbrella Funds

# The recent market performance and your retirement savings

Reading time: 3.5 minutes

People generally don't like uncertainty and neither do the investment markets.

Developments like the COVID-19 pandemic create uncertainty. This makes markets volatile, which means that one day market values can be on an upward trend, only to fall the next day. These up and down trends continue while the uncertainty is around.

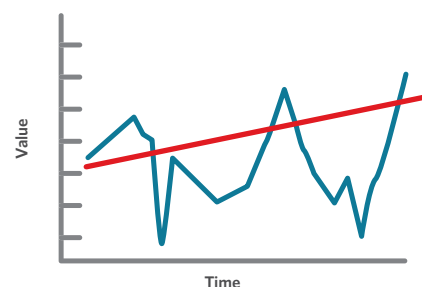
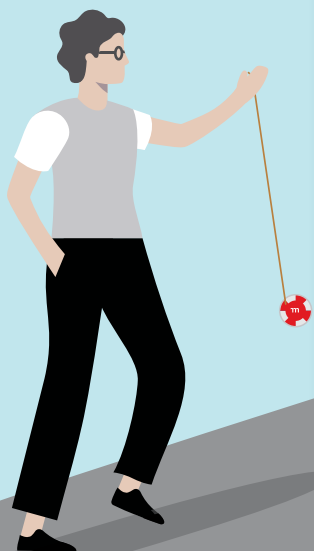
A big portion of your retirement savings is invested in these markets because growth assets like local and global equities deliver high inflation-beating returns over time. This is important to ensure that inflation doesn't chip away at the value of your retirement savings because you will need to use this money to buy a reasonable retirement income (also called an annuity income) when you retire.

## What do these ups and downs mean for your retirement savings?

It means that the value of your retirement savings may also go up and down over time. But despite the ups and downs, the trend is steady growth over the long term.

It's a bit like walking up a hill while playing with a yo-yo. The hill is the increase in your wealth as you move towards having enough money to retire comfortably, while the yo-yo is the short-term market ups and downs along the way. Like the yo-yo, the short-term value of your savings may go up and down, but the overall long-term value of your savings rises as you go up the hill.

The problem is that when factors like COVID-19 cause markets to fall, the focus tends to shift to the yo-yo and we forget that our goal is to increase our wealth over time by steadily moving up the hill. When we focus too much on the yo-yo, it can lead to emotional, panicky decisions that push us backwards on our journey.



# The recent market performance and your retirement savings

*continued*

## What can we expect going forward?

The impact of COVID-19 on our lives, businesses and economy is not going to disappear overnight. Uncertainty about the global economy and investment market volatility may be around for a while. But as lockdown regulations ease and global activities resume, economic growth and company profits will bounce back. The challenge, however, is that no one really knows when this will happen. There's a good chance that the investment road will still be bumpy for a while.

### Buckle up and ride the volatility wave

For most retirement fund members, the best action now is no action. Stay invested so your retirement savings can benefit from the market recovery when it happens.

Although most members stayed invested when the recent volatility started, some switched to more conservative investments, like money market portfolios, in the second half of March 2020. This meant that they locked in their losses from the poor performance of the market. They also missed out on the slight recovery in local and global equity markets which took place in April 2020.

The table below shows the returns of the local and global equity markets as well as the money market index for April and May 2020. While it's important to look at returns over the long-term, these two-month numbers for equity-type and money market investments show the extent to which members can miss out by switching at the wrong time.

Asset class	April 2020	May 2020
Local equity market (JSE All Share Index)	13.98%	0.31%
Global equity markets (MSCI All Countries)	14.07%	0.15%
Money market (Short-term Fixed Interest Composite Index)	0.52%	0.50%

The other bad news for the members who switched is that money market rates have been declining since the start of the year because the South African Reserve Bank has cut short-term interest rates by 2.75% over the last four months.

### Focus on the journey and not the yo-yo

No one knows what the future holds, when the recovery will happen and how long it will last. The key is to keep calm and to carry on with the peace of mind that everything is likely to recover.

Your retirement savings in the FundsAtWork Umbrella Funds (the Funds) are invested in well-diversified investment portfolios. Well-diversified means the portfolios include different types of asset classes. Some of them are conservative (like money market funds) and some are growth asset classes (like local and global equities). The assets in these portfolios are expertly blended to make your money grow over the long-term, even though short-term results may disappoint at times.

If time is not on your side because you're leaving your job or about to retire, you're likely to be more worried about the impact the recent market performance has had on the value of your investments. Read **Leaving your job or about to retire? What now?** to see how to minimise the impact of the recent poor market performance on your retirement savings.

# Leaving your job or about to retire? What now?

Reading time: 3 minutes



You might have resigned or are unfortunately being retrenched due to the impact of COVID-19 on your employer's business continuity, or you could be retiring soon. The decline in investment markets may have also caused a serious drop in the value of your retirement savings in the Funds. What are your options?

## Resigning or retrenched? **Stay invested.**

If your circumstances allow, the smartest choice you can make is to preserve all your retirement savings. If you take your savings in cash while the market is down, you will lock in the poor returns. You will also have to save far more aggressively in the future to make up for the losses.

Of course taking your retirement savings as cash also means you pay tax on your withdrawal benefit.

Preserving in a portfolio with a risk profile similar to what you are currently invested in, will allow you to regain losses from the recent poor market performance and benefit from the market recovery.

Even if you're in the unfortunate situation of being retrenched and unable to find a new job, preservation may still be an option, especially if you'll be receiving a retrenchment package. **Click here** to watch a video on the benefits of preservation.

### **As a member of the Funds, you can decide to preserve your retirement savings with Momentum:**

You can preserve in-fund. This means your savings stay invested in your FundsAtWork Umbrella Funds portfolio and continue to grow and regain lost value as the market recovers.

You can move your assets to a preservation fund, like the Momentum Corporate Preservation Fund.

**Click here** for more detail on these options.

If you really need some additional cash up front, there is also the option to take a portion of your retirement savings in cash and preserve the rest.

Remember to use the Smart Exits process on the FundsAtWork member portal when leaving your employer. The process will guide you through the options available and help you make a well-informed choice.

**Click here** to learn more.



# Leaving your job or about to retire? **What now?**

*continued*



## **Retiring?**

Did you know that you don't have to take your retirement benefit on your retirement date?

You can leave your savings safely and wisely invested in the Funds to continue growing. This means you will recover any losses from the recent market falls, plus you'll have a much bigger pot of savings when you do finally take your retirement benefit. You don't have to decide on the exact date you will take your retirement benefit. When you're ready, simply let the Funds know.

**Click here** to find out more.

Making a well-informed annuity choice is another way you can soften the impact of the recent market underperformance on your retirement income. You may well find that choosing a with-profit annuity under the current market conditions means the purchasing power of your retirement savings stays the same, despite the reduction in overall value due to poor market performance.

The good news is that the Funds' annuity of choice is already a with-profit annuity. The default retirement

regulations say that each retirement fund needs an annuity strategy. The Funds' board of trustees considered various annuity options and the needs of members, and selected the Momentum Golden Income With-Profit Annuity as their preferred annuity strategy.

Although many members nearing retirement may find that the value of their retirement savings has fallen due to the recent poor market performance, this plunge has not decreased the value they will receive for their retirement savings if they buy a dynamically priced with-profit annuity, like the **Momentum Golden Income With-Profit Annuity**.

Even though the Funds' board of trustees believe that this annuity is a great choice at this point in time, you still need to opt in to buy the Momentum Golden Income With-Profit Annuity. Talk to a retirement benefit counsellor for more information by calling the benefit counselling call centre on 0860 44 43 40 between 08h00 and 17h00 on any weekday.

Purchasing a retirement income is one of the biggest decisions you will ever make. It's also a good idea to talk to a qualified financial adviser when you're ready to retire.



## Understanding your Umbrella Fund – FundsAtWork

*Reading time: 2.5 minutes*

You know that you are a member of one of South Africa's leading umbrella funds, FundsAtWork, but do you fully understand the value you get from being a member of the Funds?

We've made it easier for you to understand your benefits. **[Click here](#)** for a video that summarises your FundsAtWork benefits, or read more about your benefits in the **[FundsAtWork member quick guide](#)**.





# Your employer's default investment portfolios

Reading time: 1.5 minutes

## Why the Default Regulations exist

The Minister of Finance issued the Default Regulations for retirement funds in 2017. The regulations are aimed at helping members improve their retirement outcomes by ensuring that they get the most value from their retirement savings. One of the requirements of the Default Regulations is that every fund must select a Default Investment Portfolio that is not too complex or unreasonably expensive.

The board of trustees of the Funds has already selected the default investment portfolio for the Funds. Employers were also given an opportunity to choose "employer-selected portfolios" as their default portfolios for different product options and categories of members.

## Employer selections

Various communications were sent to employers between August 2019 and February 2020, requiring

them to confirm their employer selected portfolio(s). If your employer has not made their selection, you will be switched to the default investment portfolio for the Funds during August 2020. Your employer will be informed at the end of June 2020 and you will receive a communication in July 2020 explaining the process.

## The board of trustees has a responsibility to disclose certain information

Under the Default Regulations, the board of trustees is required to disclose certain information about the Funds. Information on Momentum investment portfolios is available **here**. To access information on external manager portfolios, you need to visit the relevant external manager website. If you are not able to access this information online, you can send an email to **[FAWInvestmentQueries@momentum.co.za](mailto:FAWInvestmentQueries@momentum.co.za)** to request the information.



Reading time: 1.5 minutes

The investment portfolios available through the Funds are regularly reviewed and changes are made where necessary. These reviews are important to make sure portfolios 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 by these changes have received an 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](http://www.momentum.co.za)

**Email:** [momentumcorporateclient@momentum.co.za](mailto:momentumcorporateclient@momentum.co.za)

**Call:** 0860 65 75 85

## Some of the most important portfolio changes

Portfolio	Change	Effective date
Select Manager Funds	<p>The fund management fees of the following Select Manager Funds decreased as follows:</p> <ul style="list-style-type: none"> <li>Select Manager BCI Cautious FoF A decreased from 0.75% to 0.25%</li> <li>Select Manager BCI Moderate FoF C decreased from 1.00% to 0.25%</li> <li>Select Manager BCI Balanced FoF A decreased from 1.00% to 0.25%</li> </ul>	During October 2019
Kruger CI Balanced Fund of Funds	The Kruger Ci Balanced Fund of Funds amalgamated with the Kruger Ci Balanced Fund.	During May 2020
Rebalance Fund Managers portfolio	The Rebalance Fund Managers portfolio closed. Members currently invested in this portfolio will be switched to the Momentum Target portfolios.	End of July 2020



# Marriage, divorce and your retirement benefits

Reading time: 3 minutes



COVID-19 and measures to contain its spread has put many weddings on hold. It's also given many of us the much-needed time and opportunity to reflect on our relationships. If you're already married, planning on getting married soon or facing the stark reality of parting ways, this article is for you.

## Are you and your partner on the same page?

Talking to your partner about your benefits and being on the same page when it comes to financial matters is an important part of making relationships work in the long term. If you're both on different pages, you may end up pulling in opposing financial planning directions.

Talk to your partner about financial matters and plan your way forward, together. Tell your partner and family about your benefits with FundsAtWork. If they don't know about them, they can't claim and will suffer financially if you pass away.

## What happens when things fall apart?

The financial implications of divorce can be devastating and often result in both partners having to significantly lower their standards of living afterwards. An often-neglected area in the divorce process is the negotiation to claim a portion of the former spouse's retirement savings.

Depending on the legal terms of your marriage, you and your spouse's retirement benefits must be considered when dividing marital assets during the divorce process. When couples are living together as "husband and wife" but their relationship is not recognised as a marriage under the Marriage Act, Recognition of Customary Marriages Act or the Civil Union Act, there cannot be a division of their retirement benefits as there is no

recognised marriage capable of dissolution in terms of the Divorce Act.

It's worth noting that a party's retirement benefit claim upon divorce is not limited to 50% – the parties can claim anything from 0.1% to 100% of the retirement benefit. The portion of the retirement benefit allocated to a non-member former spouse is payable from the date of divorce. The non-member former spouse can elect to receive it as a cash benefit or to transfer the benefit to another retirement fund.

When it comes to the division of the parties' retirement benefits, poorly drafted divorce orders can drag out divorce proceedings or, in worst-case scenarios, result in the parties not receiving their intended portion of the retirement benefit. This is why it's important to be very careful when it comes to drafting and reviewing divorce orders. You should check with the Funds before finalising your divorce order to make sure that the wording used will result in a valid claim for your former spouse, as there are certain legal requirements that must be met before the Funds will be allowed to make such payment.

Although a divorce is never easy, there are steps you can take to make sure it runs as smoothly and quickly as possible. It's also important for both parties to talk to a qualified financial adviser for financial guidance during this difficult period.

# Trustee Update

Reading time: 4.5 minutes

The trustees of the Funds are there to protect your interests and ensure that the Funds operate efficiently. Their duties and responsibilities are governed by legislation.

Changes have been made to the board of trustees for 2020. These include the election of a new chairperson (Regard Budler), and three new trustee appointments (Stanley Kumalo, Wanjiru Kirima and Dr Olebogeng Selebi).



**Regard Budler**

*Chairperson & sponsor trustee*



**Stanley Kumalo**

*Sponsor trustee*



**Wanjiru Kirima**

*Independent trustee*



**Olebogeng Selebi**

*Independent trustee*

The trustees of the Funds have extensive knowledge and experience. For a full view of the board of trustees, including their qualifications and experience, [\*\*click here\*\*](#).

# Notice board

Reading time: 4 minutes



## Remember that paid-up membership status is automatic

You will automatically become a paid-up member of the Funds if you

- elect to leave your retirement savings in the Funds, or
- do not actively withdraw your retirement savings when you leave the service of your employer.

You will remain a non-contributing paid-up member until you withdraw from the Funds.

## New FundsAtWork member site is live

This newly upgraded site offers you easy and convenient access to a range of information and tools to help you make better financial decisions. [Click here](#) for a short video on what you can expect.

## Revamped Momentum Corporate website

The Momentum Corporate web pages have been improved for a better web experience of Momentum Corporate on [momentum.co.za](http://momentum.co.za). [Click here](#) for a short video on how to find your way around the new pages.

## It's now easier to claim death and funeral benefits

When dealing with the loss of a loved one, the last thing you want to deal with is a lengthy claims process. This is why we have simplified our claim requirements. It's no longer necessary to submit death certificates, copies of ID documents, birth certificates or marriage

certificates for a claim following the death of a South African citizen. We use proven technology to make the process as easy, secure and efficient as possible. [Click here](#) for more detail on the new Smart Claims process.

## Be cautious of accepting a SARS auto-assessment

SARS will be rolling out auto-assessments to some individual taxpayers in August this year. You may receive an SMS if you are selected to be auto-assessed. This means that SARS has attempted to complete your tax return based on third-party data only and has issued you an assessment without your input. Before accepting the auto-assessment, keep in mind that:

- The auto-assessment may be incorrect as SARS may not have all your data.
- You may miss out on the maximum tax refund due to you.

We encourage you to use TaxTim to file your tax return. This system is designed to ask you all the questions needed to maximise the refund due to you.

## REMEMBER

TaxTim is available to all Momentum Multiply members at no cost. Being a FundsAtWork member gives you automatic access to Multiply Starter. Multiply Premier members qualify for 40 points when completing and submitting a tax return via TaxTim.

[momentum.co.za](http://momentum.co.za)

 Momentum Corporate

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