

Legal update

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FundsAtWork Umbrella Funds' options at normal retirement date

A. Summary

Legal Update 2 of 2015 referred to the change in the Income Tax Act resulting in a member being able to choose from which date he wants to receive his retirement benefit. This change in the legislation was effective from 1 March 2015.

The General Rules of the FundsAtWork Umbrella Pension and Provident Funds (the Funds) have been amended with effect from 1 March 2015 to allow a member to postpone the date on which he wants to start receiving his retirement benefit. That member will become an *inactive non-contributing* member after his normal retirement date, with specific rules applying to them.

The General Rules also allow a member to stay in the Fund as an *active contributing* member after his normal retirement date, if the participating employer concerned agrees.

B. Normal retirement date

A member's normal retirement date is the last day of the month in which that member reaches the normal retirement age set out in the Special Rules that apply to his employer. This is normally the retirement age in the member's employment contract.

C. Member remaining an active contributing member after normal retirement date

If the member is still employed by the participating employer after his normal retirement date, and the employer agrees, the member can stay on the Fund as an *active contributing* member.

The characteristics of this category of members are as follows:

1. the member must be in employment;
2. the participating employer must agree that the member's membership of the Fund continues;
3. contributions must continue to be paid;
4. the member's insurance benefit cover will continue, where applicable; and
5. the member will retire on the last day of the month on which he actually retires from employment and his benefit will become payable on that day.

D. Member becomes an inactive non-contributing member after normal retirement date

A member who retired from employment or who has reached the normal retirement date and in respect of whom the provisions in paragraph C do not apply, may elect on which date he wants to start receiving his retirement benefit.

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The characteristics of this category of members are as follows:

1. The member must have reached his normal retirement date;
2. the member's retirement form must indicate his intention to postpone the date on which his retirement benefit should be paid to him;
3. no further contributions, including additional voluntary contributions, will be payable;
4. the Fund will continue to debit fund expenses, asset management fees and asset-based fees for administering the Fund against the member's retirement savings account, but no further administration fees will be payable;
5. no change instructions requested by the advisory body or an investment adviser will apply to the member after his normal retirement date, unless the member explicitly, in writing, requests this to apply;
6. the member can still change to another investment portfolio;
7. the member will not be entitled to any insurance benefits after his normal retirement date;
8. the member must advise the Fund of the date on which he wants the Fund to pay his retirement benefit, in the format as determined by the Trustees, and his benefit will become payable on that day; and
9. if the member dies before the retirement benefit becomes payable, his retirement benefit will be paid as a death benefit and the rules applying to the payment of a death benefit will apply.

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