



## FundsAtWork Umbrella Funds: options at retirement, retrenchment and disability

### A. Summary

This document must be read together with Legal Update 10 of 2015, which deals with a member's options at normal retirement date.

The General Rules of the FundsAtWork Umbrella Pension and Provident Funds (the FAW Umbrella Funds) provide for 5 types of exit benefits:

1. Retirement;
2. Retrenchment;
3. Withdrawal; and
4. Disability;
5. Death.

This document deals with a member's right to elect to postpone his retirement, retrenchment and disability benefits, following changes to the General Rules of the FAW Umbrella Funds, effective from 1 March 2016.

Legal Update 12 of 2016 sets out the requirements for the preservation of a member's withdrawal benefit in the FAW Umbrella Funds, effective from 1 March 2016, and also deals with other provisions around withdrawal.

Legal Update 10 of 2016 deals with death benefits payable from a retirement fund.

### B. When can a member elect to postpone the payment of his benefit?

A member who –

1. reaches the normal retirement date as specified in the Special Rules applying to his participating employer;
2. chooses to go on early retirement\*;
3. continued as an *active contributing* member after his normal retirement date, with the agreement of his participating employer and then chooses to go on late retirement when his employment stops;
4. is retrenched; or

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5. becomes disabled and then becomes entitled to a lump sum disability benefit from the FAW Umbrella Funds at the end of the waiting period stipulated in the Special Rules of his participating employer, can elect on which date their benefit should be paid to them.

\* A member of the FundsAtWork Umbrella Pension Fund may go on early retirement before the age of 55 if there is no outstanding housing loan guarantee applying to him and if SARS agrees. A member of the FundsAtWork Umbrella Provident Fund may only go on early retirement from the age of 55.

**C. What must the member do if he wants to postpone the payment of his benefit?**

The member must indicate on the withdrawal notification that he wants to postpone the date on which his benefit must be paid. He does not at that stage have to specify the specific date – just that he wants to take his benefit at a future date. When he then decides to take his benefit, he must let the Funds know.

**D. What happens when the member postpones the payment of his benefit?**

The member becomes an inactive non-contributing member and the following will then apply:

- a. No further contributions, including additional voluntary contributions, will be payable;
- b. 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;
- c. no product option or investment portfolio change instructions requested by the advisory body or an investment adviser, on the advisory body's behalf, after the member became an inactive member will apply to the member, unless the member explicitly, in writing, requests this to apply;
- d. the member will remain in the investment portfolio that applied to him before he became an inactive member, but he will still be able to make investment portfolio changes;
- e. the member will still be able to make product option changes;
- f. the member will not be entitled to any insurance benefits;
- g. the Fund will deduct the outstanding housing loan guarantee amount, plus interest, that is due to the specific financial institution, from the member's benefit, and pay it to that financial institution; and
- h. if the member dies before the withdrawal benefit becomes payable, his withdrawal benefit will be paid as a death benefit and the rules applying to the payment of a death benefit will apply.

**Hettie Joubert**

Legal Adviser

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