



What to do with your retirement savings when you change jobs

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South Africans do not save enough for retirement. We also have a habit of spending our retirement savings every time we change jobs instead of keeping it. Most of us use our retirement savings to pay off our debt when we resign. This means that we are actually spending the little retirement savings that we have saved, long before we even get to retirement. So, should you protect your retirement savings at all cost while you drown in debt or is there an alternative solution?

FundsAtWork can give you the best of both worlds

If you are in serious debt and you have to use some of your retirement savings to settle it, it is better to only use a portion of your retirement savings instead of all of it. Income tax laws allow you to take a portion of your retirement savings in cash when you resign from your employer and to save the rest in a preservation fund. The amount transferred to the preservation fund can still be fully cashed out at any time before retirement.

This option gives you the best of both worlds. The Rules of the FundsAtWork Umbrella Pension and Provident Funds allow for full and partial preservation of retirement benefits. When you resign and you transfer your retirement savings to the Momentum Corporate Preservation Funds, you get the following benefits:

- R10 000 funeral cover, if your transfer more than R10 000 to the Momentum Corporate Preservation Fund;
- No initial fees when you transfer;
- No advisory fees unless you specifically agree to it;
- Multiply Base, with the option to upgrade to full membership; and
- Access to cost-efficient annuity products at retirement.



How to make sure that you have *enough* money to live on during your retirement

Buying an annuity actually means that you are buying a monthly income or a pension for yourself with the money that you have saved for your retirement during your working years.

Do you know which annuity to choose to make sure that you and your loved ones have enough money to live on during your retirement until you die? Once you have decided on how much of your retirement savings you want to use to buy an annuity, you must decide on the type of annuity that you want to buy. But be careful; many people end up choosing the wrong annuity. There are many types of annuities to choose from. To choose the one most suitable to your needs, you should get advice from a licensed financial adviser.

Do you have to buy an annuity or pension at retirement?

At retirement, if you have been part of a pension fund, you have the option to take up to one third of your retirement savings as a lump sum (in cash). With the other 2/3rds you have to buy an annuity. If you were a part of a provident fund, you have the option to take up to 100% of your retirement savings in cash. When deciding on the amount of your retirement savings to take in cash, you should consider that this lump sum may be taxed.

Having to buy an annuity is Government's way to help you to provide for yourself by making sure you have a steady income until you die. If you don't, you may end up having to depend on your family and friends to take care of you. The choice of how to invest your retirement money to give you a monthly income and let it grow is up to you.

Living annuity

With living annuities you can decide in which portfolios you want to invest your retirement savings and the amount of pension or income that you want to receive per month, with certain limits. Because you choose your own investment portfolios, you will carry the full risk of how well or how bad the portfolios perform. Your pension will also not be guaranteed, because you choose the amount of pension that you want to receive every month.

When your retirement savings have been used up, you will no longer receive a pension or an income. This can happen if you live longer than expected or when the investment portfolios that you chose perform poorly. But, if you die and your retirement savings are not yet used up, the money that is left over will form part of your estate.

Conventional annuity

With a conventional annuity, your monthly pension or income is guaranteed for life, it doesn't matter how long you live. You cannot choose your own investment portfolios or the amount of pension that you want to receive every month; but you do not have to worry about running out of your retirement savings if investment performance is poor or if you live longer than expected. You take no risk. A conventional annuity does not transfer any funds to your estate and you will lose the money that is left over after you pass away.

With-profits annuity

A with-profits annuity is almost the same as a conventional annuity. It also guarantees your monthly pension or income until you die and it also does not pay the left over money to your estate when you die. The difference is that with a conventional annuity you will know upfront by how much your pension will increase every year, but in the case of with-profits annuities the increase in your pension is not guaranteed.

The increases depend on how well the investments are performing and the number of pensioners that survive. This means that if more pensioners pass away and the investment performance is better than expected, the increase in your pension will be high. But the opposite is also true. Every time your pension increases, this new amount will be guaranteed for life. In the case of with-profits annuities, you take some of the investment and mortality risk, but not all of it as is the case with a living annuity. Therefore, a with-profits annuity is cheaper than a conventional annuity.

Momentum Golden Income With-Profit annuity

To help you with this difficult decision, the trustees of the FundsAtWork Umbrella Funds chose the Momentum Golden Income With-Profit Annuity as their preferred post-retirement solution. With this annuity,

- your monthly pension or income has the potential to increase every year to provide some protection against inflation;
- your monthly pension or income is guaranteed never to decrease;
- you will be protected against outliving your retirement savings; and
- you will pay lower rates and fees, which means more income for you.



What is the cost of your unhealthy lifestyle?

By saying no to that extra juicy hamburger and doing some exercise, you can get more than just the good feeling of losing a few extra kilos. Choosing to live healthier can save you money. Over and above the hard cash that you save, for example, by quitting smoking, FundsAtWork will also reward you for making healthier choices.

Tips on how to save money by making healthier choices

- If you are smoking a packet of cigarettes a day and you quit, you will save around R11 680 per year. Invested at 10% return per year over the next 25 years, you will save almost R1.2 million.
- Drinking water instead of paying R7 for a soft drink, you will save around R2 555 per year, which could grow to R250 000 over 25 years.
- High blood pressure medication can cost around R1 806 per year. Adding two doctor's visits per year, it can easily cost you around R2 306 per year, which could grow to R227 000 over 25 years.

You will also save money by paying lower life insurance premiums because you are healthier and you will spend less on groceries because you won't be buying all the unnecessary evils, such as sweets and carbonated drinks, as part of your monthly groceries shopping anymore. You will have more energy and will be more productive at work, which will help to secure your job. Losing a few extra kilos will boost your confidence and may bring new job opportunities you would otherwise not even have thought about.

How FundsAtWork and Multiply can help you to save even more money

You can get a percentage of your life cover and dread disease premiums back for having a good Healthy Heart Score. The money will be paid into your retirement savings account with FundsAtWork, your Momentum Health HealthSaver account or into your Pick n Pay smart shopper card.

- You must be a member of FundsAtWork (you can tick this box as you are a member of the FundsAtWork Umbrella Funds).
- You must have life cover or dread disease cover with FundsAtWork. Check your benefits online at momentum.co.za or call 0860 65 75 85. You can also ask your human resources office.
- You must be a full member of Multiply. To join call 0861 100 789, or SMS "Multiply" to 40717.

Living a healthier life can save you money in more ways than one. Make smarter decisions to put more money in your pocket. **Register for your FundsAtWork Multiply benefit now. Go to www.momentum.co.za or call 0860 65 75 85.**

Check your health

Do you suffer from high blood pressure?

High blood pressure is also called the 'silent killer'. If you suffer from high blood pressure, you have a much higher chance of dying before your time than people with healthy blood pressure levels.

How high are your cholesterol levels?

If you have high cholesterol levels you have a much higher risk of getting a heart disease or a stroke.

What is your Body Mass Index (BMI)?

Your BMI = your weight in kilograms divided by your height squared (height in metres x height in metres). For example, if you are 1.78 meters tall and weigh 82 kilos, your BMI will be

$$82 / (1.78 \times 1.78) = 25.88$$

According to the Centre for Disease Control and Prevention:

BMI < 18.5 - you are possibly underweight.

BMI > 25 - you are possibly overweight.

Being under or overweight can increase your chances of dying too early by up to 50%.



- Keep your blood pressure and cholesterol levels healthy
- Check your blood pressure regularly
- Eat plenty of fresh fruits, vegetables, whole grains, oats and good quality fats
- Avoid bad fats
- Keep your weight at a healthy level and do some exercise
- Don't drink too much alcohol
- Don't smoke
- Get enough sleep

Certain deductions can be made from your retirement savings when you retire or resign

The Pension Funds Act allows for the following deductions that can be made from your pension benefit when your membership of the fund ends:

- Tax on your pension benefit;
- If you have a housing loan guaranteed by your fund or your employer;
- Damages that you caused to your employer because of theft, dishonesty, fraud or misconduct;
- Divorce order amounts;
- Maintenance order amounts;
- Medical scheme contributions paid by the fund on your or your beneficiary's behalf;
- Insurance premiums paid by the fund on your or your beneficiary's behalf; and
- Amounts paid on your or your beneficiary's behalf for any purpose approved by the Registrar of Pension Funds.

New Family Assistance Benefit



From 1 September 2015,

the Family Assistance Benefit will be added to your existing Family Protector benefits with Momentum, free of charge.

It is a 24 hour/365 days a year service to support you and your family during certain traumatic life events.

The support services include:

- funeral assistance, for example, help with arranging the burial or cremation and ensuring that the remains of an immediate family member are safely transported to a funeral home closest to their normal place of residence;
- counselling, for example, when you have been a victim of a violent crime or have lost a loved one;
- trauma and assault support, for example, rape, hijacking, HIV protection and treatment;
- broad-based legal assistance provided by admitted attorneys within all areas of the law; and
- emergency medical services in the event of an accident, violent attack or sudden severe illness.

Changes to the Rules of the Funds

From time to time the General Rules of the Funds are changed. These are the most important changes you need to know about that became effective from 1 November 2014.

- If your employer cannot pay your retirement contributions to the Fund because the employees (who are also members of the Fund) are on a protected strike, the employer can apply to the Fund, in writing, to temporarily suspend the payment of the Fund contributions. Previously this option was not available to employers.
- If you belong to the FundsAtWork Umbrella Pension Fund and you retire but you do not choose an annuity, the Fund will use your retirement benefit to buy the preferred annuity selected by the trustees of the Fund for you. Previously it was your responsibility to buy an annuity. We have now implemented a preferred annuity to assist you if you don't make a choice. To understand more about the different annuities read the article ["How to make sure that you have enough money to live on during your retirement"](#).
- If you resign from your employer and withdraw from the Fund, the Fund can keep your retirement savings money until a pending maintenance enquiry against you has been finalised, if the settlement of that maintenance enquiry will be finalised within a reasonable time. Previously the Fund did not allow for this.
- When you die, your beneficiaries can choose to buy an annuity with the death benefit or a part of it instead of it being paid as a lump sum. This will ensure that they receive a monthly income from the benefit. Death benefits for a minor child can also be paid into a trust set up by you, or by the child's guardian. Momentum can assist them with this. This amendment aligns the Fund Rules with current legislation.





Your new easy-to-understand benefit statement

Understanding your insurance and retirement benefits can be difficult.

That is why we have joined forces with InfoSlips to make it easier for you to know exactly which retirement and insurance benefits you have with Momentum.

Is the InfoSlips statement safe and secure to use?

Yes, it is. No one can access your statement. Millions of people receive their statements via InfoSlips from some of South Africa's largest banks and cellphone operators.

What is needed for me to receive my InfoSlips statement?

We need your correct personal details. If we have them, you will receive your electronic InfoSlips statements on an ongoing basis. Call 0860 65 75 85 to confirm or update your ID number, cellphone number and email address.

When will I receive my InfoSlips statement?

You will receive your statement towards the end of 2015.

How will I see my new InfoSlips statement?

You will receive an email or SMS explaining how to download and install the InfoSlips viewer. Then open your InfoSlips statement that will be attached to the email that you will receive. You only need to download the viewer once. You will then be able to view your statements online.

What if I don't want to or can't use InfoSlips?

You can still get your benefit statement by logging onto www.momentum.co.za or by calling the client contact centre on 0860 65 75 85.

With InfoSlips you can....

- View your benefits.
- View your contributions and investment portfolio information.
- View your personal details and beneficiary nominations and understand why it's important to keep this information up to date at all times.
- Use our robot and calculators to see how you can improve your financial wellness. Then speak to the financial adviser of your scheme.
- Get quick access to important contact information for Momentum and your scheme's financial adviser.

Rates and fees are reviewed annually and might change

The rates and fees of the Funds are reviewed annually. The rate reviews are approved by the trustees. Each scheme is unique and the rates and fees are specific to a particular scheme.

The table below illustrates the rate and fee reviews effective from 1 July 2015. For more detail please check your benefit statement.

Rate / Fee	Umbrella Funds
Administration fee	The administration fee differs from employer to employer. Ask your employer if you need more information.
Asset-based administration fee (payable by members in the Entrepreneur product option invested in external investment portfolios)	Unchanged.
Fund expenses	Pension Fund: R1.90 (per member per month) (was R2.11 per member per month). Provident Fund: R1.15 (per member per month) (was R1.53 per member per month).
Insurance benefit rates	Rates differ from employer to employer. Ask your employer if you need more information.



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