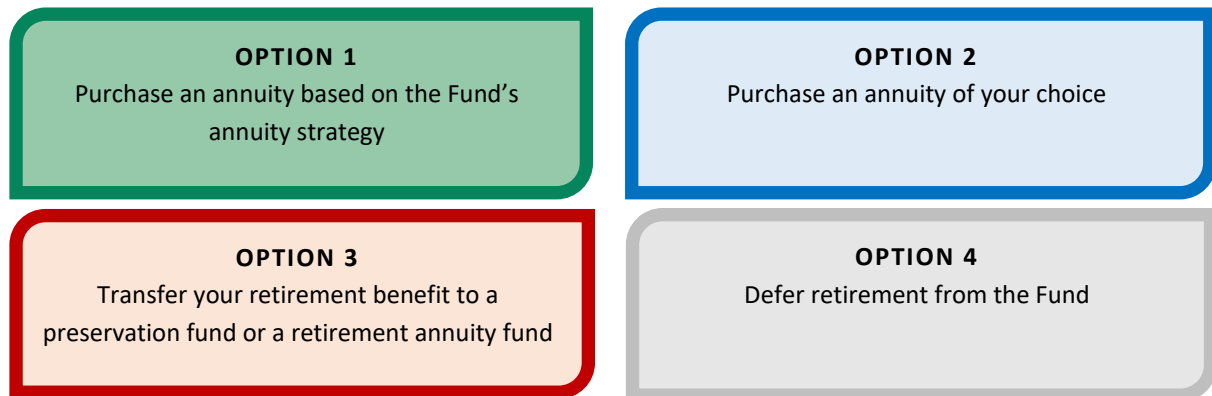


RETIREMENT BENEFITS

This counselling document sets out the benefit payable by the eJoburg Retirement Fund (the “Fund”) on your retirement. The document only provides information regarding these benefits and does not provide advice, as each member’s personal circumstances are different and you should take advice from a properly qualified and registered financial advisor before making any benefit decisions.

You may utilise your retirement benefit in one of four ways as set out below, provided that for Option 1 or Option 2 you may take a portion of your benefit in cash (as explained on the next page) with the balance used to purchase an annuity:



RETIREMENT FROM EMPLOYMENT AND RETIREMENT FROM THE FUND

Retirement from the Fund may be considered separately from retirement from employment. Members who retire from the employment of the City of Johannesburg or a Municipal Entity may not wish to receive their retirement benefit from the Fund immediately, e.g. if they have other assets they can live on or if they take up some other employment in retirement.

Such members may elect to delay their retirement from the Fund and only receive their retirement benefits from the Fund at a later date (in other words, defer their retirement from the Fund to a date later than their retirement from employment). Deferred retirement (Option 4) is only permitted on retirement from employment, i.e. deferred retirement is not permitted on exit from employment for any other reason such as resignation or dismissal (although such members may elect to become paid-up members in the Fund).

A member may only elect to become a deferred retiree if he or she has at least two years of membership of the Fund at the date of retirement from employment. The election to become a deferred retiree must be in writing and received within six months of the date of retirement from employment.

WHAT IS AN ANNUITY?

Although it sounds complicated, an annuity is really just the monthly income you receive after retirement (like your monthly salary you currently receive from your employer) in return for paying your retirement benefit to an insurance company. The amount of the monthly annuity is dependent on a number of issues, including the amount of your retirement benefit, how much of your retirement benefit you take in cash (the maximum that may be taken in cash is explained on the next page), any increases to the annuity over time, whether the annuity is guaranteed to be paid for a minimum period of time (even if you have died in the interim) and whether the annuity continues to someone else (such as your spouse) on your death.

Annuities come in two main formats, namely life annuities and living annuities:

- **Life annuities** are annuities which are guaranteed to be paid for as long as you live, even if this is to a very old age, such as age 100. Various conditions may apply to such annuities, such as guaranteed payment periods, spouse's continuation annuities and any increases to the annuity over time.
- **Living annuities** (or drawdown annuities) work like a bank account where you choose how much income to draw each month within limits set by legislation. Any capital amount remaining on your death will be available to your dependants, but there is also the possibility that you may draw all your capital before you die and then have no annuity to live on.

YOU CAN TAKE A PORTION OF YOUR RETIREMENT BENEFIT IN CASH

In terms of the Income Tax Act, restrictions apply in respect of the maximum amount that may be taken in cash on retirement and the minimum amount of the retirement benefit that must be used to purchase an annuity, as follows. Note that this only applies when you retire from the Fund and purchase an annuity.

Maximum that may be taken in cash	Minimum that must be used to purchase an annuity
Full Savings Pot	-
Full Vested Lump Sum Pot	-
½ Vested Annuity Pot	¾ Vested Annuity Pot
-	Full Retirement Pot

However, if the minimum amount that must be used to purchase an annuity (as reflected above) is less than R165 000 you may take your full retirement benefit in cash.

Remember that any portion of your retirement benefit that you take in cash will result in a lower monthly annuity that you can purchase with the balance of your retirement benefit. For example, if your full retirement benefit will purchase a pension of R9 000 per month, then if you take, say, one-third of your retirement benefit in cash, the balance will only purchase an annuity of R6 000 per month.

OPTIONS

OPTION 1: PURCHASE AN ANNUITY BASED ON THE FUND'S ANNUITY STRATEGY

The Fund's annuity strategy is to purchase a **life annuity** which targets future annuity increases equal to inflation from either of two life insurance companies where the Fund has negotiated favourable terms with each insurance company providing the annuity. The details of the annuities are:

- Momentum – Golden Income With Profit Annuity (2% PRI category) underwritten by Metropolitan Life Limited.
- Old Mutual Fund Select Annuity – Platinum Pensions 2003 (3% PRI category).

Various information relating to each of the annuities is set out below.

Spouse's pension

If you are married when you retire, provision will be made for your annuity to continue to your wife or husband at 75% of your monthly annuity when you die. Note that your initial monthly annuity will be lower than a similar annuity for an unmarried person with the same retirement benefit to allow for the cost of the spouse's continuation annuity.

Example: Say you were receiving R8 000 per month, then on your death, your spouse will receive R6 000 per month for the rest of his or her life.

Guaranteed period:

Your annuity is guaranteed to be paid for at least 10 years, even if you (or both you and your spouse if you are married) die within the 10-year period. The balance of the 10-year annuity payments will be paid out as a lump sum to your dependants.

Example: Say you are unmarried and died two years after retirement when you were receiving R8 000 per month. Then your dependants (or estate) would receive a benefit of R768 000.00 (calculated as 8 years x 12 months x R8 000).

Annual annuity increase

Momentum and Old Mutual will declare an annuity increase on 1 April each year. The assets backing the annuities are invested on a basis which is targeted, but not guaranteed, to provide an annuity increase of about inflation each year.

The annuity increases awarded over the last 10 years have been as follows:

Date	Momentum	Old Mutual	Inflation
	Annual increase		
1 April 2024	4.0%	8.5%	5.3%
1 April 2023	4.0%	6.0%	7.1%
1 April 2022	4.5%	7.5%	5.9%
1 April 2021	0.0%	3.5%	3.2%
1 April 2020	4.0%	3.0%	4.1%
1 April 2019	3.1%	5.0%	4.6%
1 April 2018	5.0%	6.5%	3.8%
1 April 2017	3.8%	7.0%	6.2%
1 April 2016	5.6%	7.5%	6.3%
1 April 2015	7.4%	8.0%	4.0%

Period	Momentum	Old Mutual	Inflation
	Total annual increase		
Last 5 years	17.6%	31.8%	28.4%
Last 10 years	49.8%	83.1%	63.5%

	Average annual increase		
Last 5 years	3.3%	5.7%	5.1%
Last 10 years	4.1%	6.2%	5.0%

	Percentage of inflation	
Last 5 years	61.9%	111.9%
Last 10 years	78.4%	130.8%

Commissions

No initial or recurring commissions are payable if you select either of the annuities.

Product fees

The fees taken into account in determining your initial annuity are currently as follows:

Fees	Momentum	Old Mutual
Initial once-off fee	R3 900.00	R2 120.00
Monthly administration fee	R71.37	R95.00
Investment, capital and product fees	1.20% to 1.30% per annum	1.75% to 1.85% per annum

For quotation and annuity payment purposes, monthly annuity amounts are shown net of the monthly administration fees.

Annuity quotes

There is no cost to get a quote of the monthly annuity that you could purchase from each of the insurance companies with your retirement benefit. There is also no requirement to accept the quote if you are not satisfied with any features of the annuity.

A quote from each insurance company is available to you before or when you complete your retirement application documents with your HR Department. You may also request further quotes with different benefits, e.g. a 60% continuation pension to your spouse or a 20-year guaranteed period. More information is set out in the document titled "Commission free annuity quotes on Retirement" or from your HR Department.

If you would like to get a quote, please contact your Human Resources department or the administrator of the Fund to assist with the process.

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OPTION 2: PURCHASE AN ANNUITY OF YOUR CHOICE

You may elect to purchase a life annuity (other than the Fund's annuity strategy set out in Option 1) or a living annuity in a format and from a provider of your choice. If you elect to purchase such an annuity, you should ensure that the format of the annuity meets your personal requirements with regards to such issues as:

- an annuity (income) payable for the rest of your life,
- annual annuity increases (to counter the effects of inflation),
- a guaranteed period,
- a spouse's continuation annuity.

Initial and ongoing commissions may be payable to your financial advisor in respect of such annuities.

OPTION 3: TRANSFER YOUR RETIREMENT BENEFIT

On retirement, you may elect to transfer your full retirement benefit to a preservation fund or a retirement annuity fund. You will not be permitted to take a Savings Pot withdrawal as part of the transfer, but you will be permitted to take withdrawals from your Savings Pot in the preservation fund or retirement annuity fund, as applicable.

You will only be permitted to subsequently retire, and not resign, from that fund.

OPTION 4: DEFER RETIREMENT FROM THE FUND

On retirement from employment you may elect to defer your retirement from the Fund, in which event:

- Your Fund Credit will remain invested in the same investment portfolios (lifestage A, lifestage B or member investment choice) as you last selected prior to your retirement from employment or if you have not elected a different investment strategy, lifestage A applies.
- Your Fund Credit will remain allocated in the same Pots as prior to retirement. You will not be permitted to take a Savings Pot withdrawal as part of the deferment election, but you will be permitted to take withdrawals from your Savings Pot once you become a deferred retiree.
- You will not be covered for the insured multiple of pensionable salary death and disability benefits.
- Any amounts owed by you, e.g. in terms of a valid court order, will be deducted from your Fund Credit in the Fund at the date of your retirement from employment.

During the period of deferred retirement

The period from your date of retirement from employment until you elect to take your retirement benefit from the Fund is referred to as the period of deferred retirement. During this period, you will be treated on the same basis as a contributory member in most respects, except for the following:

- You may not make any contributions to the Fund or transfer any benefits into the Fund, nor will the employer make any contributions to the Fund in respect of you.
- You will not be covered for the insured multiple of pensionable salary death and disability benefits.
- You may vote in member trustee elections but you may not stand for election as a member trustee in such elections.

No commissions or initial fees are payable if you become a deferred retiree but an ongoing administration fee of R74.00 per month will be deducted from your Fund Credit. The amount of the fee will be reviewed annually at the same time as the administration fee in respect of contributing members is reviewed.

You shall be entitled to make investment switching decisions, on the same basis as contributory members, during the period of deferred retirement. Should you wish to make such an investment switch you should follow the same process as for contributory members, i.e. by completing an investment switch form and submitting it via the Fund's member website or to the Fund's administrator via the Fund's email address.

You shall continue to have access to the Fund's member portal for tracking your Fund benefits and general information such as the Fund's investments, Rules, communication, etc., during the period of deferred retirement.

You shall not be entitled to withdraw part or all of your Fund Credit (other than any amount in your Savings Pot) during the period of deferred retirement.

It is very important for you to update your contact details with the Fund should they change during the period of deferred retirement. The Fund will otherwise have no way to communicate with you. If the Fund is required to expend costs to trace you or your dependants, such costs may be deducted from your Fund Credit.

Death during the period of deferred retirement

Should you die during the period of deferred retirement, your Fund Credit shall be payable to your dependants, nominated beneficiaries or your estate as is required by legislation. Currently, the requirements are that the Trustees of the Fund must allocate your benefit as they deem appropriate between your various dependants having regard to your nomination of beneficiaries form.

Retirement from the Fund

Subject to any changes in legislation in this regard, you may elect to retire from the Fund at any age after deferring your retirement benefit. On retirement from the Fund, your benefit shall be your Fund Credit.

The same conditions and options shall apply as for members who take their retirement benefits at the date of retirement from employment, i.e. Options 1,2 and 3 above are available to you.

As for members who take their retirement benefits at the date of retirement from employment, you shall be entitled to elect to receive the commission-free annuity quotes facilitated by the Fund. There is no obligation to accept these quotes.

TAXATION OF BENEFITS ON RETIREMENT

Any portion of your benefit taken in cash on retirement (including any amount from your Savings Pot) will be taxed in accordance with the appropriate tax scales and you will only receive the net benefit. The current tax tables are as follows:

RETIREMENT, RETRENCHMENT OR DEATH	
Benefit value	Tax payable
R0 to R550 000	None
R550 001 to R770 000	18% of the amount above R550 000
R770 001 to R1 155 000	R39 600 plus 27% of the amount above R770 000
R1 155 001 and above	R143 550 plus 36% of the amount above R1 155 000

Should you have already received a retrenchment benefit or taken benefits in cash from a previous retirement fund, these amounts will be taken into account in determining the tax payable on the portion of your Fund benefit paid in cash.

Any portion of your benefit used to purchase an annuity on retirement will not be subject to tax as part of the annuity purchase. The annuity itself, however, will be taxed as income.

If you elect to transfer your full retirement benefit or to become a deferred retiree in the Fund, no taxable is payable at the time of transfer or deferment. Tax, as set out above, will apply at the time you elect to receive your retirement benefit.

You are recommended to take advice from a properly qualified and registered financial advisor before making any benefit decisions.

INVESTMENT STRATEGY FOR YOUR BENEFITS IN THE FUND

Depending on when you intend to retire, the format of the annuity (life annuity or living annuity) you expect to purchase on retirement or whether you may elect to become a deferred retiree in the Fund, it is important that you integrate your decisions with your strategy for the investment of your assets in the Fund.

The Fund offers three different investment strategies (see the investment counselling document entitled “Investment Strategy and Member Options” for more detail), as follows:

- **Lifestage Stream A** (which is the default if you do not elect one of the other strategies): Targets an investment strategy generally suitable for the purchase of a life annuity at the normal retirement age.
- **Lifestage Stream B**: Targets an investment strategy generally suitable for the purchase of a living annuity at the normal retirement age.
- **Member Investment Choice**: You may select where your Fund Credit is invested in the various investment portfolios offered by the Fund.

STATE OLD AGE PENSION (SOAP)

The State Old Age Pension is payable to South Africans, subject to a number of conditions, including:

- Must be a South African citizen, permanent resident or refugee,
- Must be resident in South Africa,
- Must be over age 60, and
- Subject to a means test for the person and his or her spouse.

The full social grant of R2 180 per month (R2 200 in respect of people over age 75) is payable if your income and assets are below a certain level. A portion of the social grant is payable if your income and assets are within the range of the means test. No social grant is payable if your income and assets are above the upper level of the means test.

You are recommended to contact the South African Social Security Agency (SASSA) to find out more about any social grants you may be entitled to.