LEGAL PROVIDENT FUND

Member Booklet 2024/5

This is your easy to use reference guide to the Legal Provident Fund ("the Fund"). It explains how the Fund works, what benefits you are entitled to and how your savings can be invested. **Click on the tabs below for more information on the sections that you would like to read.**

01 Privacy Statement

02 Introduction

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04 Benefits Payable

05 Retiring from the fund

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08 Fund investments

09 More information and the complaints process

01 Privacy Statement

Purpose of this Privacy Statement

This privacy statement sets out how the Fund uses and protects your personal information to comply with the requirements of the Protection of Personal Information Act 4 of 2013 or "POPIA".

Collection and Use of Personal Information

The main purpose of the Fund is to provide benefits to members on leaving the Fund, or at retirement or to make payments to beneficiaries should a member pass away, as detailed in the registered rules of the Fund. The personal information that we collect and process for members is used mostly for this reason. The Fund must also collect and process information to comply with the laws of South Africa.

What personal information do we collect?

Your personal information would include your name, surname, contact details, salary information, information about your beneficiaries (including information of children), demographic information (e.g. age, race), financial information including bank account details, tax information, records of claims, and in some cases, your health or medical information, including disability status.

How we use your personal information

Your information is used, for example, to provide you with Fund benefits, keep your records updated, make payments, contact you, and comply with the laws of South Africa.

Source and Disclosure of your Personal Information

We receive your personal information directly from your employer, and we provide it to our appointed service providers, so that they can provide the services agreed to in terms of formal signed agreements.

In terms of our formal signed agreements, we require all service providers to handle your personal information appropriately and securely, and comply with all relevant laws.

We confirm that:

- The Fund does not and will not sell personal information or provide your information to any third parties to use for their own marketing purposes.
- It may be necessary for us to provide your information to comply with laws in South Africa, or if a court order is issued. We only provide such information where there is a legal basis for doing so.

Protection and Security of Personal Information

We take the security of your information very seriously, and have implemented reasonable technical and operational measures to protect your information from loss, misuse, unauthorised access, disclosure, alteration and destruction, and ensure that all our service providers do so too.

Accuracy of Personal Information

We take reasonable steps to keep personal information up to date.

If you would like to correct or update your information, please contact the My Money Matters Centre at **mymoneymatters@alexforbes.com**.

Retaining your Personal Information

We will keep your personal information for the time period necessary to comply with the registered rules of the Fund and as set out in this privacy statement. It may be necessary to retain some of your personal information beyond this time to comply with laws or for historical purposes. You may request that the Fund delete your personal information. Your request must be sent to the Information Officer at: **jeanines@cadiant.co.za** using the "Form 2" issued in terms of POPIA for this process. This form can be found here. Please note that there may be lawful purposes which prohibit us from deleting your information.

International Transfer of Personal Information

We make use of service providers who may store or process your information outside of South Africa. We try to ensure that our service providers only operate in countries with strong data protection laws (for example the United Kingdom or countries within the European Union), or are contractually required to protect your information in terms of the principles set out in POPIA.

Cookies and other Tracking Technologies

The Fund's website (**www.legalprovidentfund.co.za**) is used for information purposes only. We do not use any cookies or other technologies (such as web beacons or pixel tags), unless these are needed to make our website work (these are known as "essential cookies"). Marketing cookies and third party cookies are not included on our **website,** and we do not make use of these to track your behaviour or for advertising purposes.

02 Introduction

Most of us do not think about retirement when we are young and don't realise how important it is to save for when we stop working. Planning for retirement should start as soon as possible and should not be something to postpone for later. Planning for retirement is made easy for you because you're a member of the Legal Provident Fund. The Fund may even do more than help you save – your employer may have elected to provide you and your family with benefits if you get too sick to work or if you die.

Fund salary	Member	Trustees
You and your Employer agree on the Fund Salary to be used to calculate your contributions to the Fund, and the risk benefits as chosen by your Employer.	A person who belongs to the Fund.	The persons responsible for managing the business of the Fund.

Think about this:

- More South Africans are retiring early and living longer
- Many South Africans are forced to retire earlier than they had planned
- A large amount of money should be saved to enable you to keep a similar standard of living at retirement and to enjoy the time when you are no longer working and to do the things you have been looking forward to doing.
- In South Africa you are unlikely to get a state pension that will give you enough money to live comfortably

To retire comfortably, it is important to save enough money during your working life and belonging to a retirement fund is a good way of doing this. Here are five of the most important reasons why:

1. Contributions to a retirement fund are tax deductible up to certain limits	2. Saving towards a retirement fund is more cost effective	3. Retirement funds are managed by trustees	4. It is easier to save	5. It is a long-term savings plan
This is government's way to encourage all South Africans to save for their own retirement and have enough money to be financially independent in their old age.	The costs in a retirement fund are generally far less than the costs of similar individual schemes, such as retirement annuity funds. A greater percentage of your contributions is therefore invested towards your retirement savings.	Each retirement fund must have a board of trustees. The trustees must manage the fund in the best interests of the Fund and its members. The trustees must also get advice from experts and professionals so that the fund's money is always in good hands.	Membership of your retirement fund is compulsory and is a condition of your employment. When you get your salary in your bank account, your retirement fund contributions have already been deducted.	A retirement fund is a long-term savings plan. Long-term savings plans benefit from the effect of compounding investment growth or compound interest.

Example 1

30

An investment of **R200 a month** at age 30, earning 10% interest per year, will add up to

R765 655 by age 65

Compound interest

This is when you earn interest on the capital you have invested, and you earn interest on the interest already earned.

40

If you wait until age 40, you would need to invest **R572 a month** to get to

R765 655 by age 65

50

If you wait to 50, you would need to invest **R1 832 a month** to get to

R765 655 by age 65

Example 2

30

An investment of **R200 a month** at age 30, earning 10% interest per year, will add up to

R765 655 by age 65

50

An investment of **R200 a month** at age 50, earning 10% interest per year, will add up to

R83 585 by age 65

40

An investment of **R200 a month** at age 40, earning 10% interest per year, will add up to

R267 578 by age 65

These examples show you the power of compound interest. They also show you the damage you do to your retirement savings if you cash in your withdrawal benefit when you change jobs.

If you have questions, please contact the Fund or the Principal Officer of the Fund as follows:

Administration questions:
zzlegalprovadmin@alexforbes.com

Any other questions:
mailuslegalprov@alexforbes.com

If you are not sure how your financial decisions could affect your retirement savings, you need to speak to a professional adviser. As a member of the Legal Provident Fund, you may contact a financial adviser at the My Money Matters Centre.
Email address: **mymoneymatters@alexforbes.com**

How the Fund works

The Fund is flexible and easy to understand as it works like a savings account.

Every month contributions are paid into the Fund. You and your employer make contributions to the Fund or only your employer contributes (depending on your employment contract). These contributions are accumulated and make up your Fund credit in the Fund.

Specialist investment managers, appointed by the Trustees, invest the monthly contributions in the market and the net investment returns earned thereon (positive or negative) are added to your Fund credit.

The size of your Fund credit depends on the amounts contributed towards your retirement benefit, and how well the Fund's investments have performed. This type of fund is known as a defined contribution fund.

03 Contributions

Think of every member, including your employer, as a partner. The goal of this partnership is a comfortable retirement. It is comforting to know that you and the other members of the Fund play a part in this important goal. It is all about success in numbers.

Your Fund credit in the Fund is made up of **Member Contributions and/or Employer Contributions**, depending on your remuneration structure. You and your employer agree on the contribution rates to apply. The longer these contributions are invested in the Fund the more you benefit from compounding investment growth in the Fund.

If your employer has elected not to provide risk benefits through the Fund, the "exclusive contribution" rates apply. Depending on whether you are a Category A or Category B member, you need to choose from these rates.

You can arrange with your employer to change your member and/or employer contribution rate each year on either 1 April or 1 October.

Member contributions

Category A

(generally employees employed on a "basic plus" remuneration structure.)

Members who, in terms of their conditions of employment, contribute to the Fund must contribute at a minimum rate of 5% of Fund salary per month. You can elect to contribute at a higher rate as shown below:

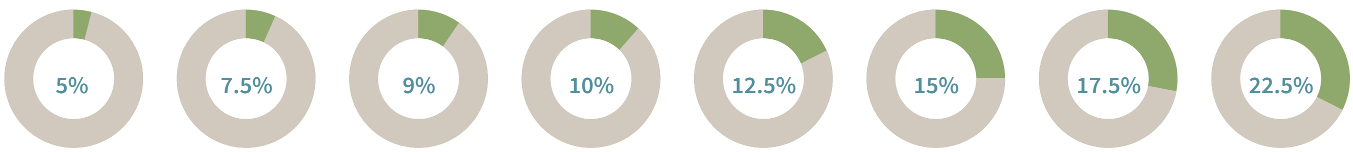
Category B

(generally employees employed on a "Total Cost of employment" remuneration structure.)

Members who, in terms of their conditions of employment, do not contribute to the Fund = a member contribution of 0%.

You can elect to contribute if you wish to do so.

Based on your remuneration structure, your employer can choose to contribute on either an exclusive or inclusive basis. This is explained in the "employer contributions" section below. As a Category A member you can choose your own contribution rate from one of the following rates:



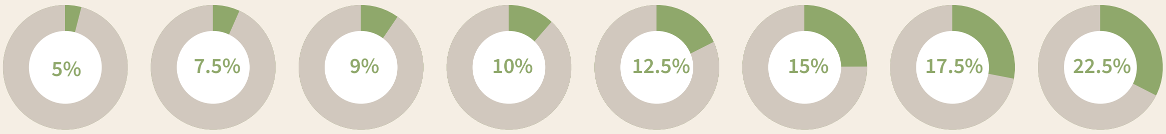
Employer contributions

You and your employer agree on the contribution rates to apply. Based on your remuneration structure, your employer can choose to contribute on either an exclusive or inclusive basis:

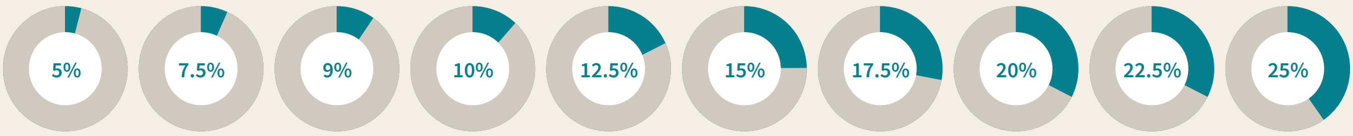
Exclusive contribution rate: Here the insured benefit premiums (such as death and disability cover) are paid over and above the employer contribution rate. Remember the insured benefit premiums are paid to the appointed insurer to secure the benefits. The contribution rate selected here is allocated to each member's record (Fund credit). The administration and operational expenses of the Fund are then deducted.

The insurance premiums vary depending on the type and level of cover selected.

Category A (with a chosen member contribution)



Category B (with no additonal member contribution)



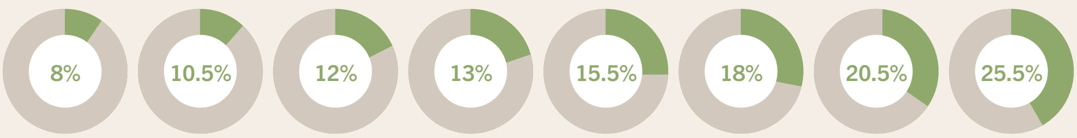
If your employer provides you with risk benefits through the Fund, your employer pays an administration fee of R28.35 each month in addition to the cost of the insured benefit premiums. The insurance premiums vary depending on the type and level of cover selected and are discussed below.

A portion of the employer contribution is notionally used to cover the cost of administration fees and the Fund's operational expenses. This is purely to illustrate the impact of expenses on contributions. For complete transparency, the Fund details all transactions on your record and therefore all deductions are made from Fund credit.

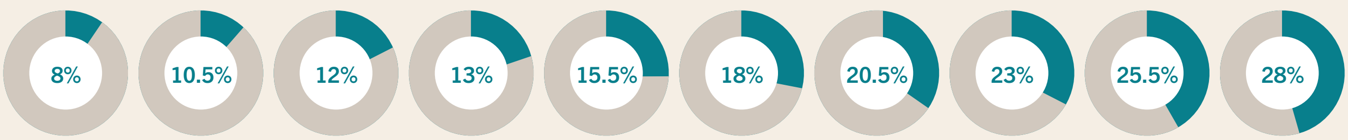
Inclusive contribution rate: Here the insured benefit premiums are included in the employer contribution rate chosen.

This means the insured benefit premiums are deducted first and paid to the insurer to secure the benefit. The administration and operational expenses of the Fund are then deducted. Thereafter, the balance is allocated to each member's record (Fund credit).

Category A (with a chosen member contribution)



Category B (with no additonal member contribution)



A portion of the employer contribution is notionally used to cover the cost of administration fees, the Fund's operational expenses and the risk benefit administration fee of R28.35. This is purely to illustrate the impact of expenses on contributions. For complete transparency, the Fund details all transactions on your record and therefore all deductions are made from Fund credit. The risk benefit administration fee is included.

The insurance premiums vary depending on the type and level of cover selected and are discussed later on in this document.

Contributions received and allocated before 1 September 2024 (old money)

If you were younger than 55 years on 1 March 2021

If you were younger than 55 years on 1 March 2021, your contributions (member and/or employer as applicable) from 1 March 2021 have been allocated to your non-vested benefit.

Your vested benefit is your Fund credit calculated on 28 February 2021, with investment returns. No further contributions have been allocated to your vested benefit.

Any additional voluntary contributions (AVCs) made from 1 March 2021 have been allocated to your non-vested benefit.

Both the vested and non-vested benefit form part of your vested component as at 1 September 2024.

If you were 55 years or older on 1 March 2021 and have remained a member of the Fund

If you were 55 years or older on 1 March 2021 and you remained a member of the Fund, all your contributions (member, employer and AVCs, if applicable) have been allocated to your 'vested benefit'. You only have a vested benefit from 1 September 2024.

Contributions received and allocated from 1 September 2024 (new money)

If you were younger than 55 on 1 March 2021

From 1 September 2024, you will have a vested component (if you joined before 1 September 2024), savings component and a retirement component and your retirement contributions will be allocated as follows:

Vested component

Your vested component is made up of your vested benefit plus your non-vested benefit.

Your total Fund credit value (both vested and non-vested benefits) up to 31 August 2024 was allocated to your vested component.

No further contributions will be allocated to your vested component.

The vested component will remain invested and investment growth (whether positive or negative) will be added into the future.

Savings component

One-third of new retirement contributions are allocated into your savings component.

Contributions will be invested, and investment growth (whether positive or negative) will be added into the future.

Retirement component

Two-thirds of new retirement contributions are allocated into your retirement component.

Contributions will be invested, and investment growth (whether positive or negative) will be added into the future.

What are retirement contributions?

These are contributions received less expenses (administration and operational fees) and the payment of insured benefit premiums (if applicable). Note that the insured benefit premiums are paid to the insurer to obtain the insured benefits (death and disability cover, if applicable). Retirement contributions are also referred to as "net contributions".

The split of net contributions to the savings component and the retirement component occurs at an administration level. The split is more like an accounting entry and will not affect your investment strategy or investment returns earned. The total value of all components (Vested, Savings and Retirement) form your Fund credit and your Fund credit is invested and earns investment returns (whether positive or negative).

Your annual benefit statement (and your online profile) will detail the accounting entries that make up your Fund credit, for example and as applicable:

- vested component
- savings component
- retirement component

If you were 55 or older on 1 March 2021 and you have remained a member of the Fund.

You are not automatically included in the two-pot system.

1. You can decide whether you wish to participate or opt in, you have twelve (12) months from 1 September 2024 to make your election.
2. If you decide not to participate in the two-pot system nothing will change and the Fund rules that applied as at 1 September 2024 will continue to apply.

If you choose to participate in the two-pot system, your contributions, from the month after you made your election, will be allocated to your **savings (one third)** and **retirement (two thirds)** components, and your accumulated Fund credit will be allocated to your vested component. A seeding transfer will also take place from your vested component to your savings component.

Why the two-pot system does not automatically apply for members who were over the age of 55 years on 1 March 2021

You may recall that on 1 March 2021 the law changed for provident fund members and retirement savings of provident fund members was required to be split into two sub accounts:

1. Savings built up to 28 February 2021 became the **'vested benefit'** and
2. Contributions made from 1 March 2021 were directed to the **'non-vested benefit'**

The purpose of this change was to require provident fund members to buy a pension with at least two thirds of their retirement savings held in the 'non-vested benefit'.

However, if you were 55 years or older on 1 March 2021 this change did not affect you. Your contributions made from 1 March 2021 continued to be allocated to your vested benefit. The result is that you only have a vested benefit.

On 1 September 2024, your vested component = Your vested benefit

For this reason, you are not automatically part of the two-pot system.

If you are affected by the opt-in decision, please refer to the separate communication that can be accessed *here* and obtain the option form *here.*

Expenses

The Fund distinguishes between administration fees paid to the appointed administrator and the management or operational expenses of the Fund itself.

1. The administration fee is paid to the appointed administrator (Alexforbes Financial Services), to which the Fund has delegated specific services in terms of a written contract. The fee is reviewed annually and any adjustment will be made in April each year.

The administration fee is:

R100.00 For members where only the employer contributes and at the rate of 5% of Fund salary, the fee is 0.624% (including VAT) of Fund salary to a **maximum of R100.00 per month.**

R159.12 For all other members the fee is 0.624% (including VAT) of Fund salary to a **maximum of R159.12 per month.**

R57.00 If the fee is lower than R57.00 (including VAT) a minimum fee of **R57.00 per month** applies.

2. Operational expenses, required to meet the management expenses of the Fund, would include:

- **Bank charges**
- **Audit fees**
- **Professional indemnity insurance premiums**
- **Trustees and Principal Officer remuneration**
- **Communication costs**
- **Expert opinion/specialist consulting fees**
- **Financial Sector Conduct Authority levies**
- **Expenses incurred in investigating the potential circle of beneficiaries in the event of the death of a member to ensure compliance with Section 37C of the Act, where these are not recoverable from the deceased member's benefit**
- **Any other Fund expenses necessary to manage the Fund in compliance with applicable laws and regulations.**

The Board of Trustees sets a budget each year and, based on the budget, calculates the operational expenses for the financial year (the twelve months from 1 April to 31 March each year). The operational expenses are deducted every month to meet expenses as they arise.

The operational expenses fee is calculated as:

1. 0.12% of Fund salary (deducted at the end of each month), plus
2. A monthly deduction of 0.012% of Fund Credit.
3. Only applicable if a death benefit is payable: expenses incurred in investigating the potential circle of beneficiaries in the event of the death of a member to ensure compliance with Section 37C of the Act, will be deducted from the death benefit payable, subject to a maximum fee of 10% of the value of the death benefit. Note that a standard death claim investigation costs approximately R10,000 + VAT.

Risk benefits (optional, employer chooses)

If your employer chooses to provide you with a death benefit, you and your employer can agree on either:

Life cover

1. a death benefit at a premium of 1% which is equal to 2.02 times your annual Fund/risk salary.

or

2. a death benefit at a premium of 2% which is equal to 4.05 times your annual Fund/risk salary.

Note:
The death benefit must match the corresponding lump sum disability benefit if chosen.

If your employer chooses to provide you with a lump sum disability benefit, you and your employer can agree on either:

Lump sum disability cover

1. a lump sum disability benefit at a premium of 0.8% which is equal 2.02 times your annual Fund/risk salary.

or

2. a lump sum disability benefit at a premium of 1.5% which is equal 4.05 times your annual Fund/risk salary.

Note:
The lump sum disability benefit must match the corresponding death benefit.

Monthly disability income benefit

If your employer chooses to provide you with a monthly disability income benefit, the premium is 0.911% of your fund salary. Your monthly disability income benefit will be based on 75% of your monthly Fund salary. (This monthly payment is not subject to tax, provided fringe benefit tax has been paid on the monthly premium.)

Note: Your employer may only choose to provide you with either a lump sum disability benefit or a monthly disability income benefit.

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You may increase or decrease your life cover and lump sum disability cover in the following instances:

a. You get married or divorced (increase)
b. Your number of dependants change as a result of birth or death (increase)
c. Every 1 July – the policy anniversary (increase or decrease)

Important: The Fund has two months to advise the insurer about these life events. You must, therefore, inform the Fund in writing as soon as possible.

Cancellation of insured benefit cover by a participating employer:

- If a Participating Employer wishes to terminate its chosen insured benefit cover, a notice period of three months applies. Members will receive communication at least 31 days before expiry of the three month notice period to explain that cover will be cancelled.

Additional voluntary contributions

The Fund gives you an annual option to make additional contributions over and above your normal contributions. By doing this you will be saving more and get more out at retirement.

If you would like to make additional voluntary contributions, please speak to your employer. Just remember that your Fund credit may not be withdrawn from the Fund while you are still working for your employer. AVC's must be made through your employer payroll.

How are AVCs allocated?

If you were younger than age 55 years on 1 March 2021 or you were older and elected to participate in the two-pot system, then AVCs made from 1 September 2024 will be split one-third to the savings component and two-thirds to the retirement component.

If you were older than age 55 years on 1 March 2021, remained a member of the Fund and have not elected to participate in the two-pot system then your AVCs will be allocated to your vested component.

Your Fund credit is made up of

All your own contributions (if applicable) + All your employer's contributions towards your retirement benefits + Any amounts transferred into the Fund from a previous fund + All your additional voluntary contributions (if applicable) + Any investment returns earned on these amounts - Savings Withdrawal Benefit claims - Cost to run the Fund

The higher the investment growth achieved, the higher the Fund credit you will get from the Fund. However, there is always the risk that the investment markets will not deliver high returns and in some years may deliver negative returns. If this happens, your Fund credit could decrease. The actual return earned is based on the performance of the Fund's investments. This is added to your Fund credit every day. The Trustees will tell you how much investment returns have been added to your Fund credit in your annual benefit statement.

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Fund credit

Before 1 September 2024 (old rules)

Fund credit is the sum of your non-vested benefit (if applicable) and vested benefit.

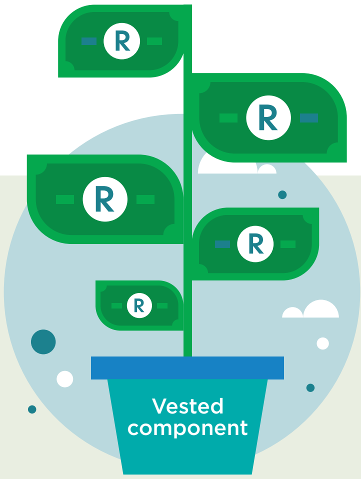
From 1 September 2024 (new rules)

For a member of the Fund before 1 September 2024, your Fund credit is the sum of your:

- Vested component
- Savings component
- Retirement component

If you joined after 1 September 2024, your Fund credit is the sum of your savings component and retirement component.

The two-pot system does not automatically apply to those who were 55 years or older on 1 March 2021 and who remain members of the Fund. These members need to choose to participate in the two-pot system.



If applicable

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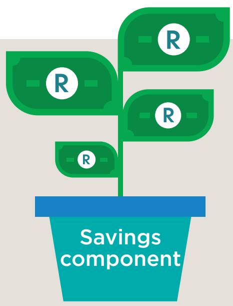

Seeding (once-off only and applies to members on 31 August 2024) **plus** one-third of retirement contributions after 1 September 2024 **plus** investment returns (whether positive or negative)

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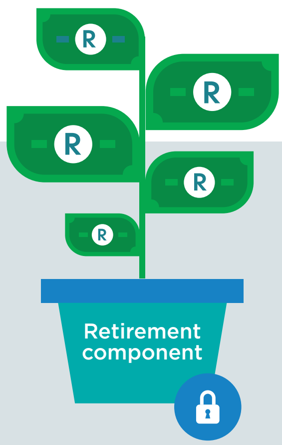
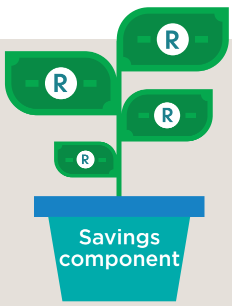


Two-thirds of retirement contributions after 1 September 2024 plus investment returns (whether positive or negative)

Members who joined the Fund after 1 September 2024



One third of retirement contributions into the future plus investment returns (whether positive or negative)

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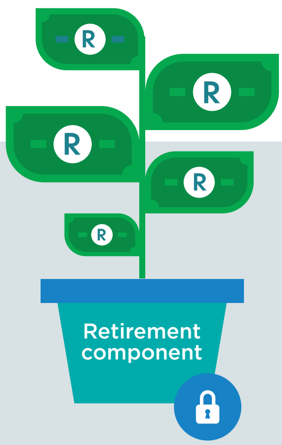
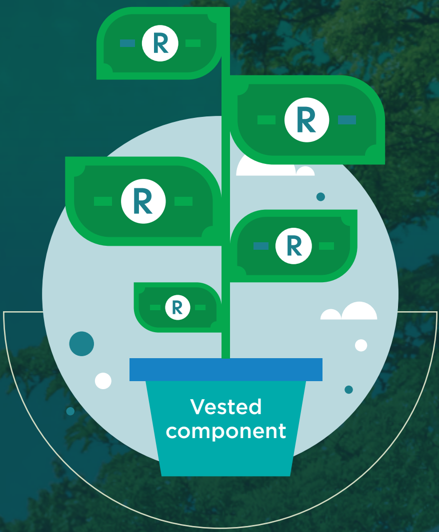


Two-thirds of retirement contributions into the future plus investment returns (whether positive or negative)

New members who joined the Fund after 1 September 2024 will only have a **savings component** and a **retirement component** (unless they transfer a benefit from another fund into the Legal Provident Fund).

Below we briefly consider what the purpose of each component is.



Old money = old rules

The vested component is the sub account that protects vested rights that existed for members of the Fund as at 31 August 2024. These vested rights are the tax rules and access to Fund credit rules that existed before 1 September 2024.

The vested component includes all accumulated retirement savings built up to 31 August 2024, plus investment growth on this amount into the future. If members leave their employer before retirement through resignation, retrenchment or dismissal, they continue to have access to the savings in their vested component as a cash lump sum, subject to tax.

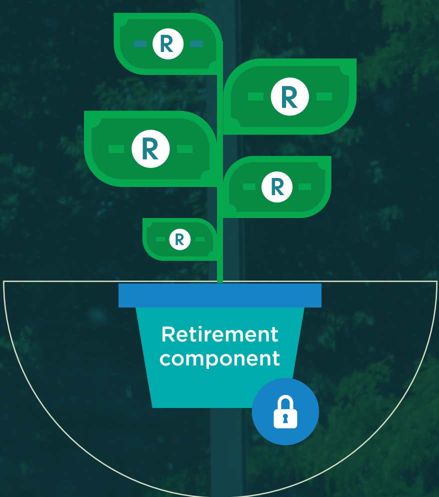
New money = new rules

The savings component is essentially the sub account to accumulate your lump sum access at retirement for members of the Fund on 31 August 2024, an opening balance was allocated to the savings component. The opening balance was calculated as 10% of the value of your Fund credit on 31 August 2024 subject to a maximum of R30 000.

This was referred to as ‘seeding’ and ‘seed capital’ and your vested component was reduced by the seeding amount.

More about seeding and seed capital:

1. Seeding was not ‘free money’. It was a transfer from your vested component on 1 September 2024.
2. It was a once-off event that occurred on 1 September 2024.
3. If you had a vested benefit and a non-vested benefit in your vested component, seeding reduced these sub accounts proportionally.
4. Seeding did not automatically apply to members who were age 55 or older on 1 March 2021. If you were age 55 or older on 1 March 2021, please read the section on the options available to you.
5. There is no limit on, or requirement about when a member can access their seed capital. It can be accessed in any tax year until retirement from the Fund.



New money = new rules

The retirement component is essentially the sub account to secure your income in retirement. You can only access the retirement component at retirement, and you must use the savings built up to buy a pension for your retirement.

Benefits payable

The savings withdrawal benefit

You can withdraw from your savings component without having to terminate service.

You are allowed to make **one** cash withdrawal from your savings component in a tax year (the tax year starts on 1 March and ends on 28 February in the next year). The following conditions apply to any savings withdrawal benefit:

- The minimum withdrawal amount is R2 000 (before deductions)
- There is no maximum limit on the amount that can be withdrawn once per tax year
- SARS will deduct tax from any amount that you withdraw at the highest tax rate that applies to your last rand earned (your marginal tax rate)

The individual tax tables (also referred to as tax at your marginal rate) for the year, March 2024 to February 2025, is set out below:

Individual tax	
R0 - R237 100	18% of taxable income
R237 101 - R370 500	R42 678 + 26% of taxable income above R237 100
R370 501 - R512 800	R77 362 + 31% of taxable income above R370 500
R512 801 - R673 000	R121 475 + 36% of taxable income above R512 800
R673 001 - R857 900	R179 147 + 39% of taxable income above R673 000
R857 901 - R1 817 000	R251 258 + 41% of taxable income above R857 900
R1 817 001 and above	R644 489 + 45% of taxable income above R1 817 000

- If you have arrear taxes owing to SARS, SARS will instruct the Fund to pay the amount owed to SARS including the tax due on the savings withdrawal benefit claim, which may result in these arrear taxes paid being significantly reduced, or the entire amount that you are claiming being paid to SARS.
- After the claim has been processed, an IRP5 will be issued to you reflecting the tax paid on the savings withdrawal benefit claim.

A transaction fee is charged for processing a savings withdrawal benefit claim. The following fee applies and is payable to Alexforbes:

- Withdrawals between R2 000 and R5 000 will incur a minimum fee of R100.
- Withdrawals between R5 000 and R30 000 will incur a fee of 2% of the pre-tax withdrawal amount.
- Withdrawals above R30 000 will incur the maximum transaction fee of R600.

For more information on submitting a savings withdrawal benefit claim please read the 'Q and A' document previously issued, which can be accessed on the Fund's website: **www.legalprovidentfund.co.za.**

Understanding the risks

1.

Should you use your retirement savings for reasons other than a desperate financial emergency?

Your savings component should only be accessed in the event of a desperate financial emergency. To actively discourage use for other purposes, you are taxed at your individual tax rate (also referred to as tax at your marginal rate) on any withdrawals from your savings component and you are limited to one withdrawal in a tax year. Access to your retirement savings for other purposes is the exact opposite of the real intention of the two-pot system, which is to encourage you to save your retirement savings for retirement.

2.

Should you use your savings component for emergency savings purposes?

You could increase your contributions to the Fund (AVCs) and then use the savings component for emergencies if it makes sense, based on your personal circumstances and financial planning needs. However, it is generally not recommended as it:

- blurs the lines between long-term retirement savings and short-term emergency savings.
- takes longer for the payment to be processed compared to an emergency savings account with your bank where the money can be accessed more quickly for emergency use.
- only a third of AVCs are allocated to your savings component.

In addition, you may encounter more than one emergency in the same tax year, but you will only be able to withdraw from your savings component once in a tax year.

The main objective of the savings component is to meet cash needs and/or retirement income needs at retirement. An option is available to members to meet cash needs before retirement due to a desperate financial emergency, but this is not an objective for a retirement fund. If your savings component is depleted before retirement, you may not have enough savings to meet your cash needs at retirement. Members generally need cash at retirement to settle any outstanding debt or to pay for unexpected expenses such as medical bills during retirement.

By regularly withdrawing from your savings component you may lose the opportunity to commute a tax exempt cash amount on retirement. In other words, if you have nothing left in your savings component and have nothing in your vested component then you will have no cash commutation available at retirement as the full value of your retirement component must be used to purchase a pension (the first R550 000 of a retirement cash commutation is taxed at 0%, subject to previous tax allowances).

Ideally members should save for emergencies separately instead of relying on their savings component, as it should only be used if there is no other option. Before taking any important financial decisions always get financial advice from a licensed adviser first to make sure it suits your needs.

3.

Can you replace the money you withdraw from your savings component once you are financially stable again?

No, because your savings component is not a transactional savings account. The money you withdraw from your savings component cannot be directly replaced at a later point. The only way to replace that money is by increasing your future contributions over time or making once-off additional voluntary contributions. Remember that only one third is allocated to the savings component, the remaining two thirds is allocated to your retirement component.

For these reasons you are strongly encouraged to only use the savings component if you face a desperate financial emergency and have no other option.

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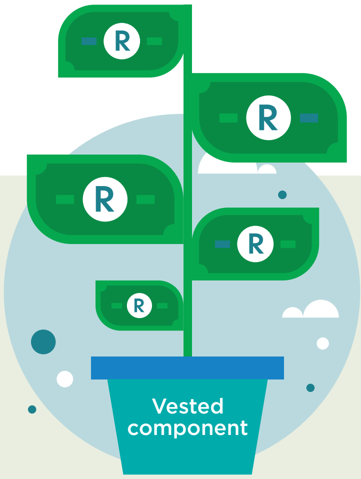
04 Benefits Payable

Your withdrawal benefit

You can only access a withdrawal benefit if you resign, are retrenched or dismissed from service. The following will apply to each component when you withdraw before retirement:

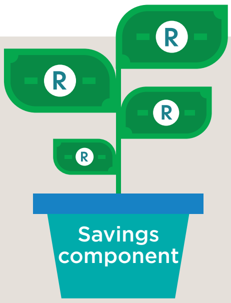


You will have access to your vested component as a cash lump sum.

The benefit taken in cash will be subject to tax at the withdrawal tax table rates.

You have the following options available if you wish to preserve part or all of the vested component:

- Preserve it in the Fund, or
- Transfer to another fund:
  - A preservation fund
  - A retirement annuity of your choice
  - Your new employer's fund



You will have access to your savings component as a cash lump sum.

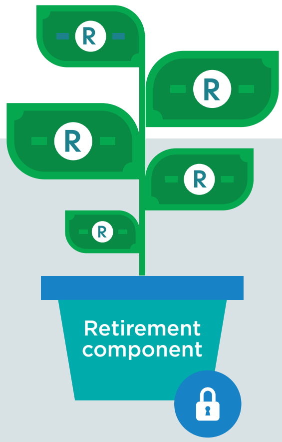
The benefit taken in cash will be subject to tax at marginal tax rates.

You have the following options available if you wish to preserve part or all of your savings component:

- Preserve it in the Fund, or
- Transfer to another fund:
  - A preservation fund
  - A retirement annuity of your choice
  - Your new employer's fund

The savings component withdrawal is subject to the following conditions:

- Only one withdrawal in a tax year is allowed and the balance must be at least R2 000 with a minimum claim amount of R2 000. This is before tax and fees are deducted.
- On resignation a second withdrawal is allowed in the same tax year if the amount left in the savings component is less than R2 000. If the balance is more than R2 000 you will become a preserved member and will be able to either preserve the benefit in the Fund or transfer the balance of your savings component to another approved fund.



No withdrawals are allowed, and the benefit cannot be accessed as a lump sum at any stage.

This component can only be accessed at retirement or in the event of your death.

You have the following options:

- Preserve it in the Fund, or
- Transfer to another fund:
  - A preservation fund
  - A retirement annuity of your choice
  - Your new employer's fund

Why is it important to preserve your withdrawal benefit?

Research has shown that only about 6% of retirement fund members in South Africa retire with enough money to maintain their lifestyle in retirement. This is mainly because members don't preserve or save their retirement fund money when they change jobs. Changing jobs doesn't change the fact that you have a limited number of years to save for your retirement. If you move to a new employer, you can preserve your retirement fund money for your retirement and make sure you reach your retirement savings goal. Immediate needs might seem more important, but you may have many more years to solve your current financial concerns. It isn't that easy to earn an income that will meet your financial needs once you have already retired.

Your preservation options

NB: Becoming a preserved member is the Fund's default option on withdrawal. This means that if your employer submits a withdrawal form without a payment option, you will automatically become a preserved member.

If you resign, are retrenched or dismissed, you will be able to withdraw your vested component, and savings component. You can only access your retirement component at retirement age (from age 55 years) in terms of the retirement options available to you, as set out below.

The golden rule is that your preservation decision must apply to all your components. You cannot elect to preserve your balance in the vested component and/or savings component in the Fund and transfer your retirement component to another fund.

If you withdraw all or part cash from your vested component and savings component:

1. You can elect to preserve any balance in these components and your retirement component in the Fund.

or

2. Transfer balances remaining and the retirement component to another approved fund – a preservation fund, a retirement annuity fund or your new employer's fund.

Similarly, if you only have a retirement component balance, you can elect to preserve your retirement component in the Fund or transfer your retirement component to another approved fund.

Tax deductions

A quick summary of the tax implications when you withdraw before retirement is set out below:

Vested component

(Savings before 31 August 2024)

Withdrawal tax table applies.

Savings component

Individual tax rate (also referred to as tax at your marginal rate).

Retirement component

No cash lump sum can be taken.

The withdrawal tax table for the tax year, March 2024 to February 2025, is set out below:

Withdrawal tax	
R0 - R27 500	0% of taxable income
R27 501 - R726 000	18% of taxable income above R27 500
R726 001 - R1 089 000	R125 730 + 27% of taxable income above R726 000
R1 089 001 and above	R223 740 + 36% of taxable income above R1 089 000

The following will apply for a preserved member in the Fund:

1. Your Fund credit will remain invested in the Fund.
2. You can preserve your vested component, savings component and retirement component until retirement. The same benefit rules and tax rules will apply as set out in the section below on "your options to transfer your money".
3. You can choose to withdraw your vested component and savings component at any time.
4. Your retirement component must be preserved until retirement and must be used to buy a pension (annuitise) from a registered insurer at retirement. No cash lump sum can be taken from this component.
5. No tax is paid on the portion preserved in the Fund at the time of ending employment.
6. Your benefit can be transferred to an approved pension fund, provident fund or a retirement annuity before retirement.
7. You won't need to pay broker commission and there are lower costs charged in the Fund.
8. You will follow the same investment strategy as the Fund's investment strategy for active members.
9. You won't be able to make further contributions to your Fund credit as you are a preserved member.
10. Your risk benefits, if any, will fall away.

As a preserved member, Fund expenses will be deducted from your preserved benefit to cover your share of the running costs of the Fund. The administration fee per preserved member per month is R82.72 (inclusive of VAT). Other management fees, such as audit fees and consulting fees. Trustee expenses and FSCA levies are expressed as a fee per preserved member, per month.

Your options to transfer your money

You can transfer your Fund credit to another to a preservation fund

A preservation fund is designed to keep and invest your retirement savings until you retire.

1. The transfer is tax-free.
2. You can take your vested component and savings component in cash, at the time of transferring to a preservation fund, but you will lower your savings for retirement.
3. You can still withdraw the money in your Savings component once per annum in a tax year (if you have not withdrawn the full benefit in your savings component in the first year).
4. You can access 100% of your vested benefit in cash at retirement, but your non-vested benefit is payable as follows:
   - One third can be accessed as a cash lump sum (subject to tax using the retirement tax tables applicable)
   - Two thirds must be used to purchase a pension (an exception* can apply depending on the Rand value of your benefit)
5. Your retirement component must be preserved until retirement and must be used to buy a pension (annuitise) from a registered insurer at retirement. No cash lump sum can be taken from this component.
6. You might have investment choice and be able to switch portfolios.
7. You can't pay any extra contributions into the preservation fund.

You can transfer your Fund credit to your new employer's retirement fund

1. You keep and invest your retirement savings until you retire.
2. The transfer is tax-free.
3. You can withdraw the money in your Savings component once per annum in a tax year.
4. Your retirement component must be preserved until retirement and must be used to buy a pension (annuitise) from a registered insurer at retirement. No cash lump sum can be taken from this component.
5. You can access 100% of your vested benefit in cash at retirement, but your non-vested benefit is payable as follows:
    - One third can be accessed as a cash lump sum (subject to tax using the retirement tax tables applicable)
    - Two thirds must be used to purchase a pension (an exception* can apply depending on the Rand value of your benefit)

You can transfer your Fund credit to a retirement annuity fund

A retirement annuity fund is designed to keep and invest your retirement savings when you change jobs.

1. You keep your savings until retirement.
2. The transfer is tax-free.
3. You can make extra contributions.
4. You can withdraw the money in your Savings component once per annum in a tax year.
5. You can access 100% of your vested benefit in cash at retirement, but your non-vested benefit is payable as follows:
    - One third can be accessed as a cash lump sum (subject to tax using the retirement tax tables applicable)
    - Two thirds must be used to purchase a pension (an exception* can apply depending on the Rand value of your benefit)
6. You can retire from a retirement annuity from age 55, as set out below.

* There is one exception, if the sum of two-thirds of your non-vested benefit and your retirement component is less than the tax limit set, which is currently R165 000, you can access these benefits in cash. This is also known as the "de minimus" rule.

05 Retiring from the Fund

At retirement you will have the following options from the different components:

Vested component

The old rules before 1 September 2024 apply:

- Vested benefit – you can take the full amount as a cash lump sum
- Non-vested benefit – you can take up to one-third as a cash lump sum and at least two-thirds must be used to purchase an annuity*

Savings component

- You will have access to the savings component balance as a cash lump sum even if you have already taken a lump sum savings withdrawal benefit in the same tax year and even if the value in the savings component is less than R2 000, or
- You can add the balance to your retirement component to purchase an annuity

Retirement component

- No cash lump sum withdrawals are allowed
- The full benefit must be used to purchase an annuity* from a registered insurer

* There is one exception, if the sum of two-thirds of your non-vested benefit and your retirement component is less than the tax limit set, which is currently R165 000, you can access these benefits in cash. This is also known as the 'de minimus' rule.

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If you were 55 years or older on 1 March 2021, and have opted not to participate in the two pot system, you will only have a vested benefit and will be able to take the full amount in your vested component as a cash lump sum at retirement.

Vested portion

Your Fund credit on 1 March 2021 plus investment returns earned on this amount.

Non-vested portion

All contributions to the Fund made from 1 March 2021 (this means member contributions, employer contributions, additional voluntary contributions and any amounts transferred into the Fund from another fund) plus investment returns earned on this amount.

You can retire early

You can, on agreement with your employer, retire early from age 55. If you decide to take early retirement, you must give your employer written notice of your decision. The same benefit rules and tax rules will apply as set out above. However, you'll have less money saved than if you retire on your normal retirement date because you will not be contributing and your money will have had less time to grow. You must make sure you have saved enough money before you decide to retire early.

You can defer your retirement

The rules of the Fund also allow for members who have reached age 55 or older, to become deferred retirees after retiring from employment. That is, you can choose to postpone or defer your retirement from the Fund to a later date of your choice after you have retired from your employer.

Should you wish to defer your retirement to a later date and retain your benefit in the Fund, your Fund credit will remain invested in the vested component, savings component and retirement component, and will continue to accumulate with net investment returns (positive or negative) in line with the underlying investment portfolios, less deductions for the Fund's expenses. If you decide on a later retirement date, the same benefit rules and tax rules as set out above and tax rules as set out below.

As a deferred member, Fund expenses will be deducted from your preserved benefit to cover your share of the running costs of the Fund. The administration fee per deferred member per month is R79.16 (inclusive of VAT). Other management fees, such as audit fees and consulting fees. Trustee expenses and FSCA levies are expressed as a fee per deferred member, per month.

Note: Deferred retirees cannot take a portion in cash and defer the balance. The moment a choice is made, the member has to retire. Your entire Fund credit must be deferred until you decide to retire.

The following will apply for a deferred member

You won't be able to make further contributions to your Fund credit

Your risk benefits, if any, will fall away

Choose your pension option wisely

Before choosing your pension option it is very important to discuss your situation with a financial adviser. The financial adviser will be able to explain the different options to you, assess your needs and then give you professional advice.

Fund annuity option

To assist members, the Fund has chosen the following default Fund annuity option for its members with Old Mutual.

The Old Mutual Platinum Pension 2003 is a with-profit annuity that targets inflationary increases. The Trustees believe that this annuity can provide an appropriate solution for members who do not feel comfortable making their own decisions. If you would like more information about this option, please call **0860 100 444** for assistance.

The annuity parameters are as follows:

Pension portfolio name	Old Mutual Platinum Pensions 2003
Pension increase type	With-profit
Pricing interest rate	3% (your pension increase = investment returns earned in the annuity over 3%)
Pension payable	Monthly in arrears
Annual increase date	1 April
First increase	Proportionate
Guarantee period	Ten years, or as selected by you within product parameters. If you pass away within the first ten years of the start of your pension, 100% of your pension will be payable to the second life selected
Second life	Available
Second life percentage	70% or as selected by you within product parameters. If you pass away, the second life you selected will receive 70% of your monthly pension
Commission	No commission

Tax deductions

The tax implications when you retire from the Fund are as follows:

Vested component	Savings component	Retirement component
Retirement tax table	Retirement tax table	No cash lump sum can be taken (unless the de minimus rule applies)

The tax year's, March 2024 to February 2025, retirement tax tables are set out below:

Retirement tax	
R0 - R550 000	0% of taxable income
R550 001 - R770 000	18% of taxable income above R550 000
R770 001 - R1 155 000	R39 600 + 27% of taxable income above R770 000
R1 155 001 and above	R143 550 + 36% of taxable income above R1 155 000

You will get a total tax-free lump sum of R550 000 over your lifetime. This applies to the total of all retirement amounts you may get from different funds that you may belong to regardless of when you retire from the different funds. SARS includes any amounts that you may have previously withdrawn from retirement funds in the calculation of your tax-free amount. Member contributions to the Fund made before 1 March 2016 will not be taxed.

06 Death benefits

Insured death benefits offered through the Fund (as applicable)

A portion of the employer's contribution to the Fund is used to buy life insurance to help your dependants and loved ones financially if you die while you are still working for your employer.

Participating employers of the Fund have the option to provide death benefit insurance cover through the Fund to **all employees**. If an employer chooses to provide this cover, then the employer must pay premiums and administration fees for this cover, based on the type of cover offered by the employer and the contribution approach selected (whether exclusive or inclusive).

The lump sum benefits paid will be taxed in accordance with the retirement lump sum tax tabled

Death before retirement age

If you die before you retire and while you're still working for your employer, your beneficiaries will get a lump sum death benefit equal to:

Your Fund credit (Vested component plus Savings component plus Retirement component) + Insured death benefit (if applicable)

Death benefit cover available to all members (as applicable)

You will contribute towards retirement savings, death benefit cover and disability income benefit insurance (if chosen by your employer this will be applicable) based on your chosen Fund Salary. You can then choose one of two levels of death benefit cover. These are discussed below.

Insured cover that costs 1% of Fund Salary

A premium equal to 1% of Fund Salary each month, will provide you with a death benefit of 2.02 times your Fund Salary.

As an example, if your **Fund Salary is R500 000** then a **lump sum of R1 010 000 is payable** (subject to standard policy terms and conditions).

Insured cover that costs 2% of Fund Salary

A premium equal to 2% of Fund Salary each month, will provide you with a death benefit of 4.05 times your Fund Salary.

As an example, if your **Fund Salary is R500 000** then a **lump sum of R2 025 000 is payable** (subject to standard policy terms and conditions).

Note that your Fund credit is paid in addition to the above insured benefit.

If your employer has chosen an exclusive contribution rate, where the insured benefit premiums are paid over and above the employer contribution rate, a risk administration fee of R28.35 is payable in addition to the cost of the insured benefit premiums.

Death benefit cover only available to directors and/or senior employees

The Rules of the Fund provide that senior employees and/or directors of an employer may choose a Fund Salary that will be used to determine contributions towards their retirement savings and permanent health insurance benefits (if chosen by your employer). A different Benefit Salary can be selected in multiples of R50 000, with a minimum benefit of R50 000 to a maximum of R4 000 000 to determine death benefit cover.

What will be paid should I pass away?

If you pass away whilst still employed and a member of the Fund, you will receive 1 times your chosen Benefit Salary plus your Fund credit.

What premium is payable for this benefit?

The monthly premium is R0.578 for every R1 000 of cover, plus administration expenses of R28.35 per month.

As an example, if your **Fund Salary is R1 000 000** then you would pay **R578.00 as a risk premium and R28.35 for administration expenses** each month.

You may increase or decrease your life cover and lump sum disability cover in the following instances:

a. You get married or divorced (increase)
b. Your number of dependants change as a result of birth or death (increase)
c. Every 1 July - the policy anniversary (increase or decrease)

Important: The Fund has two months to advise the insurer about these events. You must, therefore, inform the Fund in writing as soon as possible.

The death benefit is an insured benefit and the insurer might ask you for a medical check-up if your death benefit cover is higher than the limit set by the insurer. If this is the case, the Fund will let you know.

Definitions

Dependants

These are the people you are legally or financially responsible for looking after, such as your spouse or life partner, children and maybe elderly parents.

Nominated beneficiaries

These are the dependants and people that you nominate to receive a portion of your death benefit on your nomination of beneficiary form.

Beneficiaries

These are the people who get a portion of the death benefit.

The Trustees distribute the death benefit based on applicable law, for all deaths before retirement.

This is one of the most important tasks set out for the Trustees.

First, the Trustees must decide who qualifies for the death benefit.

They then must decide what percentage of the benefit each person will get. This is a legal requirement.

Trustees must make sure a thorough investigation is done of all those claiming to be, or qualifying as, a dependant or nominated beneficiary.

They must also take all reasonable steps to identify, trace and contact all dependants and nominated beneficiaries. Then, considering the relevant circumstances, the Trustees divide the lump sum in a fair and equitable way.

This process can take up to 12 months to complete or even longer if the Trustees need to trace beneficiaries.

This may seem easy, but when you have not completed a nomination of beneficiary form and family members are difficult to contact, the procedure becomes complicated and, as a result, there may be a delay.

Important notice to all members

Always keep your nomination form up to date

If you have not completed a nomination of beneficiary form, it will be difficult for the Trustees to trace your family members. The procedure will become complicated, which will cause a delay in the final benefit payment.

You must update your nomination of beneficiaries form every time your circumstances change, either through divorce, marriage or the birth of a child.

The nomination of beneficiary form is a guide for the Trustees. The Trustees do not have to follow this form when they distribute the death benefit. It only shows them who you would like to receive some or all of your death benefit. The final decision is up to the Trustees.

If you have a beneficiary or dependant you don't want to receive a portion of your death benefit, it is recommended that you name them on your nomination of beneficiaries form as receiving 0% with a valid reason for your decision so that the Trustees may consider your reasoning. You can get these forms from your Fund liaison officer or the Fund's website.

Your Will can't tell the Trustees who gets the benefit

The law says your Will and nomination of beneficiary form can't dictate how the Trustees distribute your death benefit. If you state in your nomination of beneficiary form that you would like part of your death benefit to go to a particular person, the Trustees can override your wishes and distribute your death benefit in a way that they feel is fair considering each situation individually. This allows them to consider any changes in your circumstances since you last completed a nomination form.

07 Disability benefit

(optional - selected by your employer)

What would you do if you could never work again? How would your family cope? If your employer has selected a disability arrangement, the benefit you will receive is aimed at protecting you and your family's lifestyle while you are not earning an income. The cost of this benefit is paid by your employer over and above your contributions towards the Fund if an exclusive contribution rate was chosen.

You would be considered disabled as a result of sickness or an accident if you can't carry on with your job or another similar job that you have been trained for or have experience in.

Monthly disability income benefit

If the insurance company accepts your disability claim, a monthly disability income benefit of up to 75% of your monthly Fund salary is payable, limited to your post tax pre-disability income. This ensures that you do not earn more disabled than you did when you were actively at work. The benefit is also subject to a maximum - as determined by the insurer from time to time – which is currently R240 000 per month. The benefit will escalate at the lower of CPI or 6% per year.

If you receive a monthly disability income benefit, you will remain a member of the Fund and both you and the insurer (who contributes on behalf of your employer at the same contribution rate) will carry on contributing to the Fund, which mean you will still be eligible for withdrawal, retirement and death benefits.

Your retirement contributions will be allocated as follows:

Vested component

No further contributions will be allocated to your vested component.

Savings component

One-third of the retirement contributions go into your savings component.

Retirement component

Two-thirds of the retirement contributions go into your retirement component.

Important notes

- This disability income benefit is subject to a limit. If your potential benefit exceeds this limit you may be subject to medical check-ups for the insurer to decide on whether to cover you for a benefit above the limit. If this is the case, the Fund will let you know.
- This monthly disability income benefit may change for future claimants, depending on the cost of the benefit. However once you are receiving a monthly disability your benefit will not change and will be increased annually as set out above.
- You will only get the monthly disability income benefit once the insurance company accepts your claim.
- Payment will begin three months after you first become disabled.
- You will have to give the insurance company proof of disability at least every 12 months. If you don't give them enough proof, or the insurer finds that you can go back to work after two years (including the three-months waiting period), they will reduce or stop the benefit.
- The monthly disability income benefit will cease if:
  - You pass away
  - You reach your normal retirement age (age 65 years)
  - You fail to undergo a medical examination or review when requested to do so by the insurer.

Tax on monthly disability income benefit paid by the insurer

According to tax laws, the monthly disability benefit paid by the insurer won't be taxed, if the premiums paid for this insurance were taxed as a fringe benefit.

Lump sum disability income benefit

If, due to injury, disease or illness, you are totally and permanently unable to perform the material and substantial duties of any occupation in the open labour market for which you are qualified or suited or could reasonably be expected to become qualified or suited, you will retire from the Fund and be entitled to an ill-health, early retirement benefit. The degree of your disability and your knowledge, training, education, ability, experience and age will be considered.

If the lump sum disability insurance applies, and the insurer accepts the claim, you will retire from the Fund and be entitled to an ill-health early retirement benefit. Your ill-health early retirement benefit is made up of your Fund credit plus the disability lump sum benefit. The disability lump sum benefit is a multiple of your annual Fund salary paid to the Fund by the registered insurer providing the risk benefit. This is the same benefit that applies on the death of a member - either 2.02 times or 4.05 times your annual Fund salary. This benefit is paid after a waiting period of six months.

The disability lump sum benefit is allocated as follows:

1. One third to the savings component

2. Two-thirds to the retirement component

If you were 55 years or older on 1 March 2021, and have opted not to participate in the two pot system, you will only have a vested benefit and will be able to take the full amount in your vested component as a cash lump sum at retirement.

The same retirement benefit rules and tax rules will apply to ill-health early retirement (please refer to the retirement section on page 21 in the booklet).

Once you get this ill-health early retirement benefit (including your Fund credit), you'll no longer be a member of the Fund and the Fund will have no further obligations towards you.

08 Fund investments

Definitions

Inflation
Inflation is the rate at which prices increase. The consumer price index (CPI) measures inflation according to changes in the price of a basket of consumer goods and services.

Interest rate
The rate of interest payable on money that has been borrowed or invested. Banks tend to raise interest rates when inflation is high to protect the money consumers have borrowed from them against inflation. When interest rates are high, it becomes more expensive to borrow money.

Investment
An investment is an asset you buy to either generate income over time or grow in value so it can be sold at a higher price in the future.

Investment return
The money you earn from the Fund investing your contributions is added together. The higher the investment returns, the higher the benefits you will eventually get from your Fund. There is a risk that investment returns will go down over short periods of time, in which case the value of your benefits will decrease.

Volatility
The tendency of the value of an investment to go up or down over short periods of time.

The Trustees of the Fund are responsible for deciding how the Fund's assets are to be invested. In consultation with the Fund's investment advisers, the Trustees have a duty to set an investment strategy and then regularly monitor the performance of the Fund's assets in relation to the objectives set.

The aim of the Fund's investment strategy is to target an income in retirement that provides you with between 60% and 75% of your final Fund Salary before retirement, assuming you contribute at least 15% of your salary towards retirement savings (that is, after allowing for costs) for a period of, at least, 40 years. To achieve this, you need to:

1. Have a higher exposure to shares (equities) when you are younger, as shares are likely to be the best-performing investment compared to other assets (bonds and cash) over the longer term, but with admittedly higher short-term volatility. If you are a younger member of the Fund, you will probably be an investor for many years before you retire and can therefore tolerate short-term market volatility to try to achieve higher long-term investment returns.
2. Better manage your risk by spreading your risk across all asset classes (shares, listed property, bonds and cash and appropriate alternative investments available to retirement funds - for example private equity, hedge funds, infrastructure etc - both locally and outside the borders of South Africa).
3. Have less exposure to shares as you get closer to retirement when you will probably want less volatile investments.

Very few portfolios invest in a single asset class such as shares or bonds or cash or property. They usually invest in a combination of asset classes to reduce their dependence on the investment returns that a single asset class can earn at any time. Spreading money between different types of asset classes is known as diversification.

As a general rule, the portfolios you can choose invest in a combination of all of the types of asset classes both locally and overseas. To protect your savings, the Pension Funds Act also restricts what percentage of a retirement fund's money may be invested in certain types of investments. This ensures that the portfolios aren't over-exposed to the risk of any particular type of investment or asset class.

The Fund has a default Lifestage investment portfolio, discussed on page 32. Should you not make an investment selection, your Fund credit is automatically invested in the default portfolio, depending on your age and time to retirement.

The table below explains the different types of asset classes and how safe or risky they are:

	Type of investment	Risk and growth
Shares (equities)	Shares (also known as equities) are where you buy a share or part of a company. As a shareholder, you share in the profits of the company (dividends). You can check the value of a share by reading the prices quoted on the Johannesburg Stock Exchange (JSE). These are the prices at which the shares are bought and sold and are determined by the amount people are prepared to pay or receive to either buy or sell their shares on the open market.	The value of shares can change often and quickly compared to other types of investments and are seen as very risky. Shares are likely to give you the best investment returns over the long term. This means your money will grow best if you invest in shares, but you also run the greatest risk of losing some of your original investment. In the past, shares have achieved the highest levels of investment growth over the longer term and are therefore a good vehicle for retirement savings for members who still have many years until retirement. However, over shorter periods of time, shares can drop in value.
Property	Investing in property generally means investing in industrial, retail or commercial real estate, either as a direct owner or through a listed property company. You will get returns from rental income and also from changes in the value of the property through capital gain or loss.	Investing in property should not be confused with buying a house or other private property. In general, this type of investment is for someone with a longer-term investment horizon (at least five years), who wants a relatively stable return from year to year. Historically, South African property as a type of investment has, over the long term, come second only to South African shares.
Bonds	With bonds you lend money to the government, a parastatal or a large company that agrees to pay you interest on the amounts loaned. You also get your initial investment amount back at the end of a pre-determined period. Bonds are less risky than shares, but riskier than cash. They generally give better returns than cash over a longer period.	Bond values can change quite quickly because their value depends on interest rates. Bond values typically increase as interest rates drop and drop when interest rates go up. Although it can be risky to invest in bonds, they are usually a less risky investment than shares.
Cash	Cash investments are when you put money in a bank and the bank pays you interest. You can invest in cash when you need a secure return and can't run the risk of the value of your investment decreasing.	Cash is generally seen as the safest type of investment, because you'll always get out at least the same amount you put in. However, in the long run you won't be able to grow your cash investment as much as other types of investments may be able to grow.

Alternative investments

Regulation 28 of the Pension Funds Act allows a fund to invest in private market investments and hedge funds (also known as private market instruments) to a limited extent.

Alternative Investments describe a range of investments that are not the typical traditional equities, property, bonds and cash investments that are described above.

Private market investments

Private market investments include:

Private equity – the investment is made directly in a company and not through an exchange like the Johannesburg Stock Exchange

Private debt – a loan is provided to a business directly and not through a bank or public bonds

Direct property – the physical property is bought or sold

Infrastructure – providing finance to develop infrastructure, for example to generate power, build roads, hospitals and schools etc.

Hedge funds

Hedge funds are a collection of various investment strategies implemented across traditional asset classes, private markets and other instruments. The managers use complex strategies, like derivatives with the aim of generating positive returns and/or protecting against negative returns.

Alternative investments may be regarded as higher risk investing compared to traditional assets, but have the potential for higher growth, and can add more diversification to a portfolio.

Practically most investment portfolios have a limited exposure to alternative investments. For example the Performer portfolio currently has the following alternatives exposure:

Private markets
2.6%

Hedge funds
4.7%

Private markets

These assets are typically less liquid, meaning that invested capital cannot be easily converted to cash at short notice, and therefore require a long-term investment horizon.

While this lack of liquidity may be seen as a risk, the longer term nature of the investment contributes to generating returns and also suits the investment term of most members in a retirement fund.

Hedge funds

Their flexibility allows hedge funds to use opportunities to potentially improve diversification, reduce risk, and generate stable and positive returns over time.

What is the Lifestage approach?

The Lifestage approach to retirement fund investing means that as you get closer to retirement age your investment is automatically changed from assets with higher levels of risk such as shares to less risky assets such as bonds and cash. The strategy will have a higher allocation to shares when a member is still a long way from retirement as they provide a high level of growth over the long term. However, shares are relatively risky assets because prices can fluctuate significantly over the short term. As you approach retirement, your Fund credit will be gradually moved into more stable investments to protect the value of your Fund credit against decreases in the stock market. This strategy will result in greater stability of your Fund credit and will safeguard your money near retirement.

The aim of the Lifestage approach is to help you to receive a reasonable income in retirement and reduce short-term risk close to retirement. To secure a reasonable benefit at retirement, you need to achieve growth on your retirement savings that beats inflation for most of your working lifetime. This is why you need to be invested in high growth assets, such as shares, when you are younger.

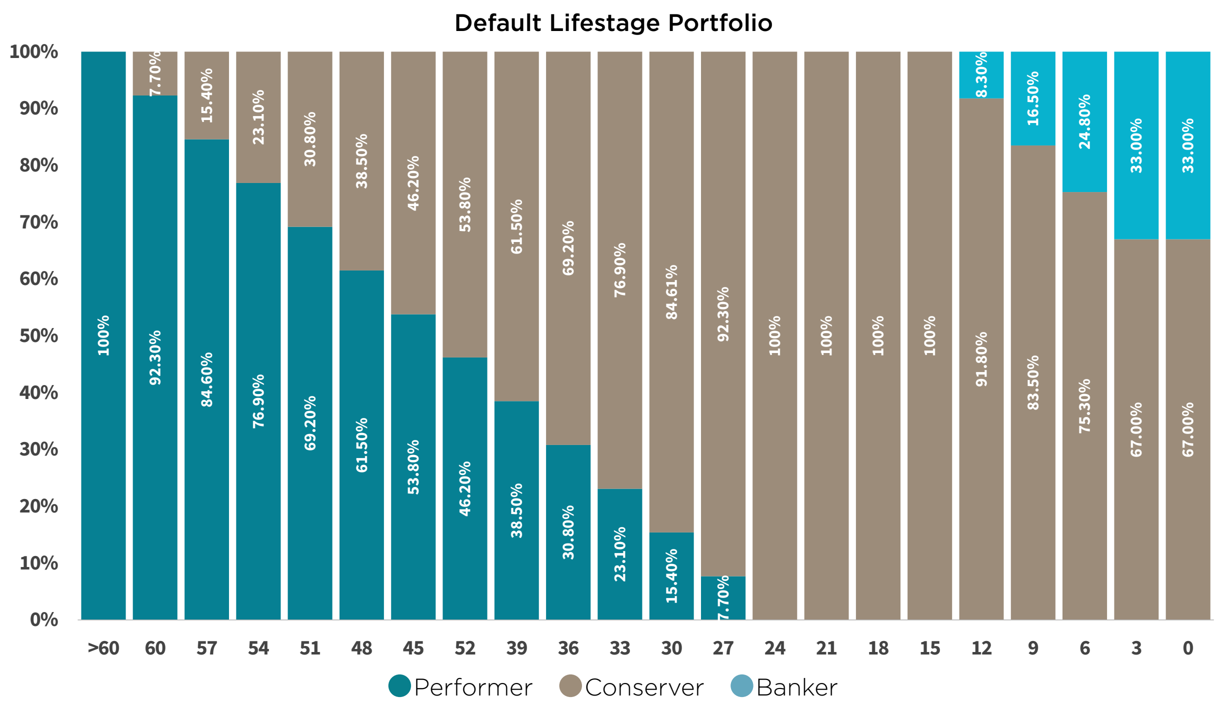
The Lifestage approach is designed so that you spend most of your working lifetime in high growth investment portfolios. As you approach retirement, risk is reduced by way of reducing high growth assets and moving into more stable assets.

Phasing of the Lifestage approach

Phasing into more stable assets will automatically start five years before your contractual normal retirement date of 65 years. A phasing period of 5 years with quarterly switches was chosen because it results in a smooth transition from the main growth portfolio to the more defensive portfolio. This reduces the likelihood that a large portion of money is switched at an inappropriate time in the market, which can have a negative impact on your total benefit.

The table below shows the allocation of your Fund credit to the main growth portfolio and the more defensive portfolio. The Trustees have selected a low-risk portfolio with a high allocation to cash and bonds for the more defensive portfolio.

Lifestage concept



The Alexforbes administration system will switch your Fund credit automatically each quarter once you reach age 60. If you don't want your Fund credit to be switched according to the Lifestage portfolio, a deliberate opt out of this portfolio is available. It is important to note that you will have to choose to switch back to the Lifestage portfolio if, at a later stage, you want to follow the investment strategy offered by the Lifestage portfolio. This can be done at any time.

If you do not choose to switch out of the default portfolio, your Fund credit will be switched as described above. It is your responsibility to make sure that when you choose to switch out of the Lifestage portfolio, your switch is actioned by the administrator.

Member investment choice

Alternatively, you have the option to choose your own investment portfolio. The following portfolios are available to you:

Components of the Lifestage strategy	Member investment choice
AFI Performer	AFI Accelerator
AFI Conserver	AFI Performer
AFI Banker	AFI Conserver
	AFI Banker
	AFI Shari'ah High Growth

More information on these portfolios can be downloaded from **www.alexanderforbesinvestments.co.za**

Keep your eye on inflation

Inflation eats away at the value of your money. Because of inflation, a rand will buy less in the future than it does today. If your investment doesn't grow by more than inflation, the real value of your money will be less over time.

Think about it: In the **1970s you could buy a car for R1 000**, in the **1990s you could by a bicycle for R1 000** and today you may spend **R1 000 on a pair of shoes.**

Investing in shares protects you against inflation over the long term.

Over shorter periods of time, shares can grow by less than inflation. The trick is to stay invested for long enough to recover from any falls in share prices (volatility) and for your investments to grow by more than the rate of inflation. Don't let your fears get the better of you just because markets are unstable. If you switch to cash when the markets are down, you might reduce risk, but you will also lock in your losses.

Responsibility of the Trustees

The Trustees of the Fund are responsible for deciding how the Fund's assets are to be invested. In consultation with the Fund's investment advisers, the Trustees have a duty to set an investment strategy and then regularly monitor the performance of the Fund's assets according to the objectives set.

09 More information and the complaints process

Deductions from benefits

There are several deductions that can be made from your Fund credit before a benefit is paid out or transferred to another retirement vehicle. These deductions will only be made if applicable, and include:

- Tax on any portion taken in cash from the Fund.
- Divorce settlements in terms of the divorce court order (the deduction for an ex-spouse's benefit is made when the court order is issued and not when the member exits the Fund).
- Specific court orders against a member of the Fund.

The rules

Every retirement fund must, by law, be managed according to a set of rules registered with the Financial Sector Conduct Authority and approved by the South African Revenue Service.

This member booklet does not replace the Fund's registered Rules and insurance policies. If there is any discrepancy, the registered Rules and insurance policies will always apply.

If there is a dispute, the dispute resolution mechanism detailed in the Rules of the Fund will apply.

The Fund's rules can be viewed on its website: www.legalprovidentfund.co.za.

The Fund provides a summary of the financial statements in the annual Trustees Report prepared and circulated each year in October/November. Should you believe that this information is not enough to protect an interest/s that you may have, you may request a copy of the financial statements by completing Form 02, that can be obtained from the Regulator's website: https://www.inforegulator.org.za.

Submit the completed form to the Fund's Information Officer: jeanines@cadiant.co.za for your request to be processed.

The Fund's newsletter, Spotlight provides investment information and returns earned at the end of every quarter except for June each year, as this information is detailed in the annual Trustees Report.

Fund's registered address

Registered Fund name:	Legal Provident Fund
Financial Sector Conduct Authority registration number	12/8/6313
Registered address:	Alexforbes Park Lane West, 5th Floor corner Bancor and Amarand Avenues, Menlyn Maine, Pretoria

Complaints procedure

The Trustees of the Fund aim to ensure that members are confident in the Fund and its service providers.

The Fund has a formal complaints procedure. If you would like to lodge an official complaint against the Fund, you must submit this in writing to the contact mail provided below.

We encourage members to first seek to resolve any queries and issues with the Fund directly.

Email address
Direct your complaint to: **mailuslegalprov@alexforbes.com**

If you are not satisfied with the reply, you can escalate your query to the Principal Officer of the Fund:

Ms Jeanine Astrup
Email: jeanines@cadiant.co.za

Thereafter, if you wish to further escalate your query you can contact:

The Office of the Pension Funds Adjudicator
Telephone: 087 942 2700
Fax: 087 942 2644
Email: enquiries-jhb@pfa.org.za

FAIS Ombud
Telephone: 012 470 9080
Fax: 012 348 3447
Email: info@faisombud.co.za

Financial Sector Conduct Authority registration number: 12/8/6313

If you have a complaint related to the protection of your personal information you may contact the Information Regulator:

By post to: P.O Box 31533, Braamfontein, Johannesburg, 2017

By email to: POPIAComplaints.IR@justice.gov.za and PAIAComplaints.IR@justice.gov.za

Alexforbes has three digital solutions that allow you to check your retirement and investment savings balances anywhere, using your desktop or mobile.

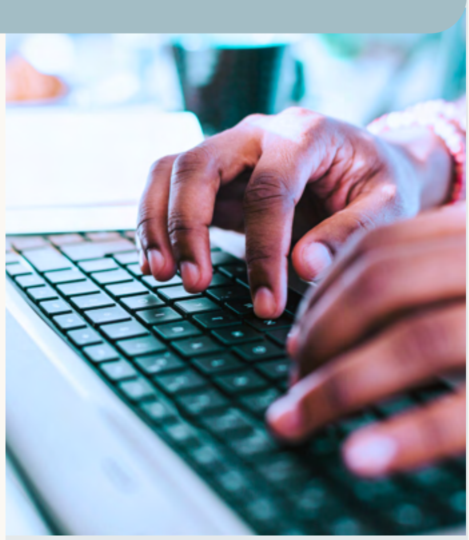
Make informed decisions with AF Connect

AF Connect

Monitor and improve your retirement and investment planning

With AF Connect, you can:

- Enjoy real-time access to investment and other savings values
- View your life and disability insurance values
- Complete an online nomination of beneficiary form
- Download your statements and the member booklet previously issued to you
- Track your withdrawal claims process



Here's how it works

- Visit **mymoneymatters.alexforbes.com** to log in.
- Select Register and follow the menu prompts.
- Once you've registered, you'll receive confirmation that your registration is complete.

Need help?

Telephone: 0860 100 333

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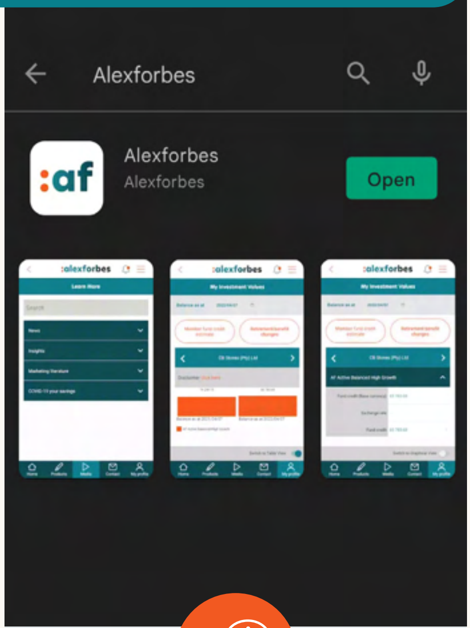
This app is available as a FREE download on the Apple App Store, Google Play Store and the Huawei App Gallery.
Simply search for Alexforbes.

AF Mobile App



Here's how it works:

Download the app from the app stores.

If you don't have an online profile, **register** by following the menu prompts.

If you have an online profile, **log on** using the same username and password.

If your device supports biometric authentication, simply use your fingerprint (touch ID) or facial recognition to log in.

Security features

- Access permission is strictly controlled
- Users must register online to access this platform
- A built-in page timeout feature automatically logs you off if there is no activity
- Transactions can be monitored and tracked

Need help?

Telephone: 0860 100 333

Get the info you need, when you need it, at your finger tips.

WhatsApp

Here's how it works:

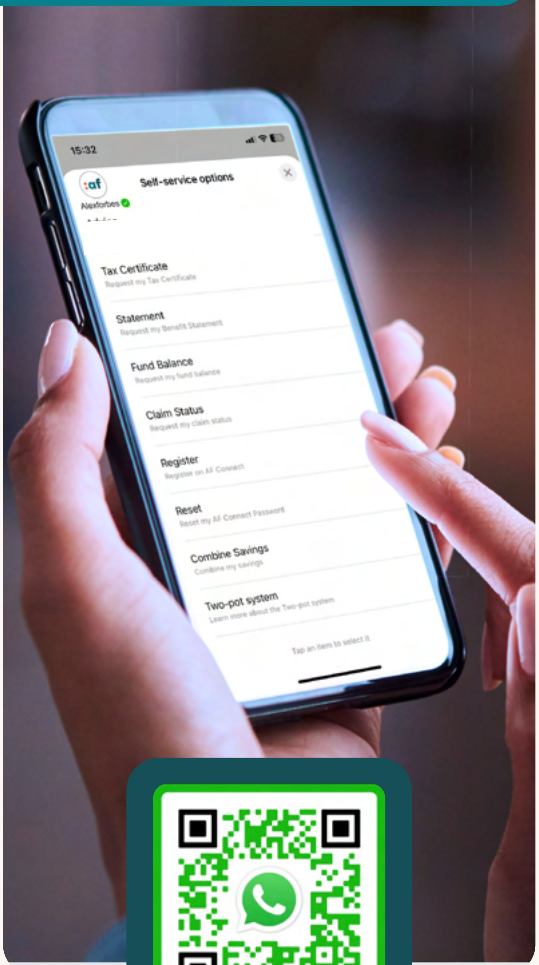
Save our number to your contacts: **+27 60 043 9601**

Type **Help**, select **Register** and follow the menu prompts

The self-service options are available 24/7, 365 days a year

With Alexforbes WhatsApp you can:

- request your
  - most recent tax certificate
  - most recent benefit statement
  - fund balance
- track the status of a claim
- register on AF Connect or reset your password
- access to financial education



Scan me

ANNEXURE A

Quick summary of the regularly used terms

Some regularly used terms are briefly explained below. These terms appear in this, and other, communication issued.

Terms	Explanation
Using 'pot' and 'component'	The law refers to 'components'. The communication issued to date and media information refers to these components more informally as 'pots'.
Retirement contributions	Contributions received, less expenses (administration and operational fees) and the payment of insured benefit premiums (if applicable) – note that the insured benefit premiums are paid to the insurer to obtain the insured benefits.
Vested benefit	All retirement contributions before 1 March 2021.
Non-vested benefit	All retirement contributions made from 1 March 2021 up to 31 August 2024 for members who were younger than age 55 at 1 March 2021 or who were older than age 55 at 1 March 2021 and who joined the Fund after 1 March 2021.
Vested component	This component protects the vested rights that exist for members of funds as at 31 August 2024 and is made up of a vested benefit plus a non-vested benefit. This increases with investment returns. The component can only be accessed if service is terminated.
Savings component	One-third of retirement contributions from 1 September 2024 are allocated to the savings component. This increases with investment returns. Members may access these savings as a cash lump sum without having to terminate service subject to the conditions set.
Retirement component	Two-thirds of retirement contributions from 1 September 2024 are allocated to the retirement component. This increases with investment returns. This component must be preserved until retirement and must be used to buy a pension (or an annuity) from a licensed product provider at retirement.
Savings withdrawal benefit	The cash lump sum that members are allowed to withdraw from the savings component.
Seeding	The once-off starting balance in the savings component determined on 1 September 2024 and subject to the conditions set. Seeding was transferred from the vested component to the savings component and therefore reduced the balance in the vested component.