ELC PENSION FUND

ESTABLISHED BY UNITED EVANGELICAL LUTHERAN CHURCH IN SOUTHERN AFRICA



Welcome as a new member of the ELC Pension Fund.

Over time, if carefully managed, your retirement savings will grow into one of your biggest financial assets. Because of this, you should take time to understand how your Fund works.

This booklet tells you how the ELC Pension Fund works and what benefits you are entitled to as a member.



INFORMATION GUIDE

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ABOUT THE FUND



YOUR FUND IS A DEFINED CONTRIBUTION FUND

This means that the rules of the Fund tell you how both you and your employer contribute to the fund, as well as what percentage of your salary is contributed each month. This means that a guaranteed amount of money is paid over to the fund each month on your behalf. This money is invested so that it can grow.

YOUR FUND IS AN UMBRELLA FUND



An umbrella fund allows many different employers to join. One board of trustees runs the fund. All the participating employers contribute to the running costs of the fund and costs of providing benefits.

If you are an employee in the permanent full-time or permanent part-time service of an employer who participates in the ELC Pension Fund, and you do not already receive a pension from the Fund, it is a condition that you become a member of the Fund as from the day on which you became an employee.

MANAGEMENT



The ELC Pension Fund is the responsibility of a Board of Trustees consisting of a maximum of 6 persons. This Board has appointed a Manager to manage and administer the Fund. The Trustees are appointed by the Council of the United Evangelical Lutheran Church in Southern Africa. The Trustees must satisfy themselves that the objects and purposes of the Fund are carried out in accordance with the rules, as well as the statutory requirements of the Pension Funds Act and other applicable legislation.

CONTRIBUTIONS



You will contribute 7,5% of your pensionable salary each month towards your Fund Credit.

Your Employer will also contribute 7,5% (some Employers 9,5% / 10%) of your pensionable salary towards your Fund Credit.

Your employer will also contribute 4% of your pensionable salary each month which is used to cover administration costs as well as death and disability reinsurance.

ADDITIONAL CONTRIBUTIONS



You are allowed to contribute an additional, voluntary amount to our Fund Credit. Presently the maximum amount paid as contributions which is tax deductible is 27.5% of taxable or gross remuneration (whichever is greater), up to a cap of R350 000.

COMMUNICATION



- Once a year in around May, you will receive a **Benefit Statement** which reflects your Fund Credit balance as at 31 December of the previous year. It also outlines benefits you receive on leaving the Fund.
- You will also receive a **Trustee Report** which gives an overview of what happened in the Fund over the previous financial year.
- Our ***website*** is www.elcpensionfund.co.za. On there you will find Fund documents and articles of interest.

Your **Fund Credit** is made up of your and your employer's contributions towards your retirement benefits, increased or decreased by the monthly net investment return of the Fund. If you transfer money into the Fund from another fund, that forms part of your Fund Credit and will also earn the investment return of the Fund.

EXPLAINING THE TWO-POT RETIREMENT SYSTEM

As from 1 September 2024 there was a major transformation to the retirement system in South Africa. These changes aim to ensure your money is preserved until you retire while at the same time allowing you to access some of it in an emergency before you retire.

Although there are actually 3 pots, it is called the Two-Pot System because your contributions from 1 September 2024 will be divided into **2 POTS**: A **SAVINGS POT** and a **RETIREMENT POT**. Contributions saved up to 31 August will be kept in a third pot – a **VESTED POT**. Different rules will apply to each pot. Here's how it will work:

Retirement Savings up to 31 August 2024

On 1 September 2024 a once-off compulsory transfer of 10% of your retirement savings as at 31 August 2024 (capped at R30 000) to you **Savings Pot** will have been done. The remainder will be your **Vested Pot**.



Vested Pot

This money will still follow the rules in existence up to 31 August 2024.
If you leave your employer you can:

- Stay as a paid-up member of the Fund.
- Take this money in cash
- Transfer this money to another fund.

This is a brief summary of the Two-Pot System. For more information, please click on the following link: Two-Pot Presentation.mp4 or visit our website www.elcpensionfund.co.za.

Retirement Contributions from 1 September 2024

From 1 September 2024 your retirement contributions will be split into 2 components (pots). 1/3 will be allocated to your **Savings Pot** and 2/3 will be allocated to your **Retirement Pot**.



Savings Pot

YOUR LUMP-SUM AT RETIREMENT

- Opening balance = lesser of 10% of savings on 31 August 2024 / R30 000.
- 1/3rd of your contributions are allocated to this pot.
- You can withdraw a minimum of R2 000 once per tax year.
- Making a withdrawal will incur a fee of R150 for amounts below R10 000 and R350 for amounts above this (subject to change).
- The amount left in this pot can be taken as cash when you retire.

Retirement Pot

YOUR INCOME AT RETIREMENT

- 2/3rds of your contributions are allocated to this pot.
- Nothing can be withdrawn from this pot.
- This pot will be used to buy a pension when you retire.
- If the total amount of all 3 pots at date of retirement is less than R165 000 then the entire amount may be withdrawn as a lump sum.

RETIREMENT BENEFITS

WHAT YOU GET WHEN YOU RETIRE

On retirement, the Fund's Actuary will calculate the amount of the life-long pension that can be bought by the value of your Fund Credit less any cash benefits taken. Should your total Fund Credit (Savings Pot, Retirement Pot and Vested Pot) be less than the limit set by relevant legislation from time to time (currently R247 500), the whole amount can be taken as a lumpsum cash payment. If it is greater than this limit then you may elect to take ***one third*** of your Fund Credit as a cash lumpsum. This amount may be subject to tax. The remaining ***two thirds*** will be used to fund a life-long pension from the Fund, as calculated by the Actuary.

PENSION INCREASE POLICY

The Pension Increase Policy of our Fund aims to provide for an increase of 80% of the increase in the Consumer Price Index, subject to a maximum of what the Fund can afford. This means that the Fund will aim to increase your pension by at least 80% of the current CPI each year, as long as the Fund is in the financial position to do so.

Normal Retirement Date is the last day of the month during which a member attains age 65 years.

Early Retirement can be taken from the age of 50.

With the consent of your Employer you may also choose to take **Late Retirement** and remain an active contributing member in the Fund after reaching your normal retirement date, as long as you are below 70 years of age and not receiving a pension from the Fund.

WHAT YOUR FAMILY WILL GET SHOULD YOU PASS AWAY

Your pension is paid to you as long as you live. On your **death**, if there is a ***qualifying spouse*** (according to the rules of the Fund and who was provided for in the pension calculation), a pension of 75% of your pension at your date of death will be paid to such spouse. ***Dependant children*** will qualify for a children's pension as provided for in the death benefits for Active Members. The pension to the qualifying spouse will be paid as long as he/she lives. If on the death of the surviving spouse there are dependent children, the children's pension will be doubled.

WITHDRAWAL BENEFITS

If you are below the age of 65 (Normal Retirement Age) and you resign, are dismissed or are retrenched, your Fund Credit will be preserved within the ELC Pension Fund until such time that you notify the Fund of your decision to move your savings elsewhere. If you are 50 years or older, you can elect to take a pension from the Fund. (See also under Retirement Benefits).

Members who have already reached Normal Retirement Age may not withdraw from the Fund, they may only retire from the Fund.

OPTIONS WHEN YOU LEAVE THE FUND

When you leave the Fund before retirement age you have the following options:

- Preserve your share (Vested, Savings & Retirement) in the ELC Pension Fund until you retire, called Deferring;
- Take your Vested Pot in cash after tax.
- Take your Savings Pot in cash after tax, if no withdrawal has been made during the current tax year or if the savings component is less than R2000.
- Transfer the balance of your share (less any portion paid in cash) to an approved Pension, Provident, Pension/Provident Preservation Fund or Retirement Annuity Fund.

DEFERRED PENSIONERS

On withdrawal, until you elect otherwise, your Fund Credit (Vested, Savings and Retirement Pots), will be preserved within the ELC Pension Fund and you will become a **Deferred Pensioner**. Your Fund Credit will earn the monthly investment returns earned by the Fund, as our active members do.

Deferred pensioners do not make contributions towards their share and also do not contribute towards death and disability reinsurance and are therefore no longer covered for death and disability benefits.

On withdrawal it is important that you obtain advice from a qualified professional. In terms of the new Financial Advisory and Intermediary Services Act, the professionals must be licensed (i.e. they meet the qualification criteria as set out by the Financial Sector Conduct Authority), and they must provide you with their recommendation in writing.

To find out more about what you can do with your retirement savings when you change jobs, consult our OPTIONS WHEN LEAVING THE ELC PENSION FUND BROCHURE, which can be obtained from your Employer or by downloading it from the ELC Pension Fund Website.

NOTE : It is your responsibility to tell your employer in time what you would like to do with your Fund Credit when you withdraw. You will need to complete a withdrawal form which should be signed by yourself as well as your employer who will then submit it to the Fund on your behalf. If you have decided to transfer your share to another Approved Fund, the details of the new Fund should be included on the withdrawal form.

INSURANCE BENEFITS

During your employ, your employer contributes at a rate of 4% of your pensionable salary towards administration costs as well as death and disability benefits.



DEATH BENEFIT

Should you die whilst you are working for your employer and are ***below 65 years of age***, the following benefits will be paid to your beneficiaries:

- A ***lump-sum*** equal to 2 x your annual pensionable salary plus your Fund Credit at date of death, **plus**
- A ***pension to your surviving qualifying spouse*** equal to 30% of your pensionable salary at date of death, **plus**
- A ***pension in respect of qualifying dependent children*** equal to 7,5% of your pensionable salary at date of death per child, up to a maximum of 4 children.

Should you die whilst you are working for your employer and are ***older than 65 years of age***, the following benefits will be paid to your beneficiaries:

- A ***lump-sum*** equal to one third of your Fund Credit at date of death, **plus**
- A ***pension paid to your qualifying spouse and dependent children*** as determined for the death of a pensioner, calculated as if you had retired on the day immediately prior to the date of death and had elected to commute for cash the maximum of one third of your Fund Credit.

Note: Should there be no qualifying surviving spouse or qualifying child to receive the pension benefit above, then your full Fund Credit at date of death will become payable.

A **Qualifying Spouse** is a person who, at the member's or pensioner's date of death was their spouse, civil union partner or their permanent life partner and dependent on the member.

A **Qualifying Child** is an unmarried child who, at the member's date of death was their biological, adopted or financially dependent step child, who is under the age of 18 years or under the age of 25 years and still studying.



DISABILITY BENEFIT

Should you, during your employ, become totally and permanently disabled to follow an occupation for which in the opinion of the Trustees you are reasonably suited and are ***below the age of 65***, you will become entitled to a monthly disability pension calculated as follows:

- 75% of your Pensionable Salary at date of disablement up to R10 000, **plus**
- 60% of your Pensionable Salary at date of disablement between R10 000 and R30 000, **plus**
- 50% of your Pensionable Salary at date of disablement in excess of R30 000.

This is subject to a maximum of the lesser of R190 000 per month or your average monthly Salary applicable immediately prior to disablement.

On the death of a Disability Pensioner, a spouse's pension will be payable at the same level as that for other pensioner's spouses.

Pensionable Salary is the salary on which your pension contributions were based, as provided to the Fund by your Employer

GENERAL

THE FUND'S RULES

In a booklet like this it is not possible to give the full details of how the Fund works in every situation. If there are any differences between the official rules of the Fund and the information given in this booklet, the rules of the Fund will always be right.

You have the right to see the Fund's rules. These can be obtained from your employer or from the registered address of the Fund.

NOMINATION OF BENEFICIARIES FORM

In order to ensure that the distribution of your death benef i ts is quick and accurate, please ensure that your **Beneficiary Form** is filled in, submitted to the Fund and updated regularly.

DEFINITIONS

Your **Fund Credit** is made up of your and your employer's contributions towards your retirement benefits, increased or decreased by the monthly net investment return of the Fund. If you transfer money into the Fund from another Fund, that forms part of your Fund Credit and will also earn the investment return of the Fund.

A **Qualifying Spouse** is a person who, at your date of death was your spouse, civil union partner or permanent life partner and was dependent on you.

A **Qualifying Child** is an unmarried child who, at your date of death was your biological, adopted or financially dependent step child, who is under the age of 18 years or under the age of 25 years and still studying.

Pensionable Salary is the salary on which your pension contributions were based, as provided to the Fund by your Employer.

Normal Retirement Date is the last day of the month in which you turn 65.

CONTACT DETAILS

If you have any questions about the content of this document, you can contact the Fund on:

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Should a dispute arise, the Rules, current legislation and Policy documents of the ELC Pension Fund will take precedence.