

celebrating



*Welcome to the
Cape Municipal Pension Fund*

— ● —
ALL ABOUT YOUR FUND AND WHAT IT DOES FOR YOU



LEGAL DISCLAIMER: This guide is a summary of the Rules of the Fund. In the event of a conflict between this guide and the Rules, the Rules will apply. The contents of this guide do not constitute advice either by the Trustees, or by its consultants.



CAPE MUNICIPAL
PENSION FUND

WELCOME



The Cape Municipal Pension Fund is the longest standing local authority Fund in the country.

The Fund was established by the City of Cape Town in 1925. We are a local Fund and the Pension Fund office is situated in Cape Town, which allows easy access to our members.

BOARD OF TRUSTEES AND STAFF

We have a dedicated Board of Trustees and staff who ensure that the utmost care is taken with the Fund's money.

FUND'S ASSETS IN EXCESS OF R24 BILLION

14500 MEMBERS

The Fund has a membership of ±14 500 members (including pensioners) and the Fund's assets are in excess of R24 billion.

This is an excellent membership/assets ratio.

HOW YOUR PENSION FUND WORKS

The Fund is a Defined Contribution Fund. What this means is that each member of the Fund has his or her own account (in the same way as a bank savings account). This is referred to as your **MEMBER SHARE ACCOUNT**.

HOW DOES YOUR MEMBER SHARE ACCOUNT WORK?

You and the City of Cape Town (your employer) **pay fixed contributions to this account on a monthly basis**. This amount is then invested, and the investment returns earned on this money are added to your account. Your member share account is comprised of three components (or two components if you have no retirement fund savings prior to 01 September 2024).

Your Member Share Account grows, together with investment returns. Up until 31 August 2024, each member share account operated as shown below, and was invested until your retirement, resignation or death (whichever comes first). So, your retirement benefit depended on the investment returns you earn on the contributions you and the City of Cape Town set aside for your retirement.

MAIN OBJECTIVES

TO PROVIDE THE FOLLOWING FUND BENEFITS

RETIREMENT	RESIGNATION	DEATH	DISABILITY
When you reach your retirement age.	Should you resign prior to your retirement.	In the unfortunate event of your death before retirement.	Should you become disabled that you are unable to work.

These benefits are explained in more detail in this guide. Please also refer to our website which covers everything in more detail.

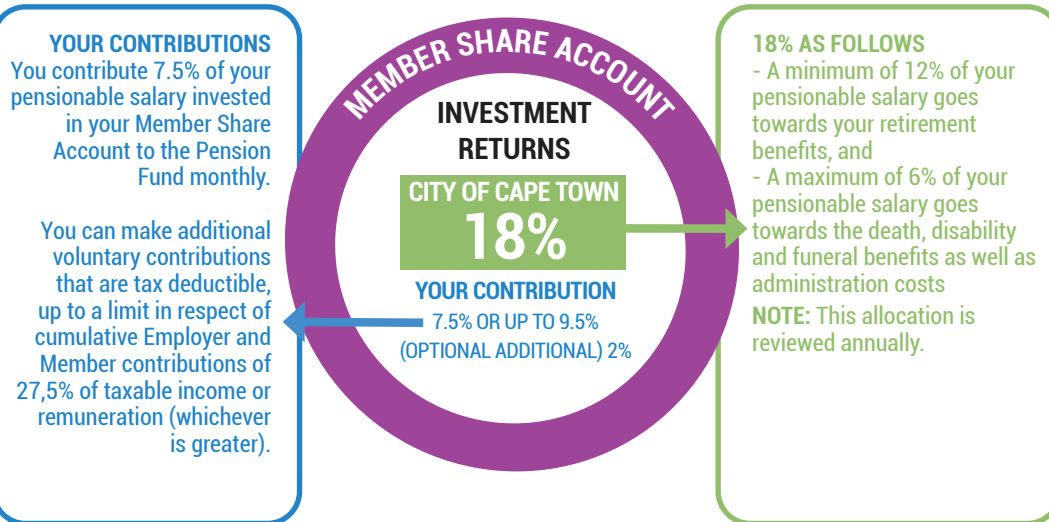
The Rules and statutory returns of the Fund are available for inspection at the Fund as well as on the Fund's website. If you have any questions or concerns regarding the Fund, kindly direct them to:

The Principal Officer,
Cape Municipal Pension Fund
The Towers
Towers South, 18th Floor
2 Heerengracht Street
Cape Town, 8001

QUESTIONS OR CONCERNS

Telephone: (021) 418 4140
E-Mail: info@capefund.com
Website: www.capefund.com

Please supply the Fund with your e-mail address (if you have one) so that all communication material can be sent directly to you. Furthermore, if there is any change in your address or personal details please notify the Fund in writing.



On a yearly basis a **BENEFIT STATEMENT** will be given to you which highlights the amount of money you have in your account. Up-to-date values can also be obtained if you register on the Fund's website. You can also request this from the Fund.

HOW DOES YOUR MEMBER SHARE ACCOUNT WORK?

From 01 September 2024, your member share account operates as follows:

You have **three components** to your member share account **only** if your first membership of any fund was effective before 01 September 2024 and you transferred your benefit from a prior fund to the Cape Municipal Pension Fund.

If your first membership of any Fund is on or after 01 September 2024, you will have two components to your member share account, i.e. the Savings Component and the Retirement Component.

- 1** **The Vested component** will be your accumulated retirement savings on 31 August 2024 (if you belonged to another fund and transferred the equivalent component to the Cape Municipal Pension Fund).
- 2** **Retirement component** into which two thirds of a member's monthly contribution (after deducting the insurance premiums and fees) will be paid. If you had a retirement component in your previous fund and transferred this to the Cape Municipal Pension Fund, the amount will be reflected in this component)
- 3** **Savings component** into which a third of a member's monthly contribution (after deducting the insurance premiums and fees) will be paid. If you had a savings component in your previous fund and transferred to the Cape Municipal Pension Fund, the savings component will be reflected in this component)

PRE 01 SEPTEMBER 2024
(OLD RULES APPLY)



ACCESSIBLE ONCE IN EACH TAX YEAR FOR EMERGENCIES (CONDITIONS APPLY)



POST 01 SEPTEMBER 2024
PRESERVED UNTIL RETIREMENT



You have two components if this is your first membership of a fund or if you did not transfer any pre 01 September 2024 benefit to the Fund.

4

YOUR BENEFITS

NORMAL RETIREMENT AGE = 65

You may however retire at any time from age 55 onwards.

RETIREMENT BENEFITS

When you retire, the amount in your Member Share Account will be paid to you as follows:

- You can select to receive **up to** one-third of your vested component as a cash lump-sum, plus the full amount of any transfer in of a protected portion from a provident fund**, plus the balance of your savings component.
- The balance of your money which will include the full balance in your retirement component must be used to provide a monthly pension either in the form of a Life annuity or a Living annuity. (This is a choice you will make once you are ready to retire.)



You can choose to receive the Life and/or Living annuity from the Fund and/or from an external insurer. (If you elect to use an external insurer certain conditions apply.)

**For members who have transferred funds into the CMPF from a Provident Fund the following will apply:

For members who previously transferred from a provident fund and who were younger than age 55 on 1 March 2021:

On retirement, those members will still be allowed to take all their vested benefits (i.e. savings accrued up until 1 March 2021 plus returns) in cash (or part cash/part pension) (subject to tax).

In terms of non-protected portion of the vested benefits, i.e. amounts contributed after 1 March 2021, they will only be able to take a maximum of one-third of these savings as cash (subject to tax), and the remaining two-thirds will need to be used to purchase a pension.

There is a detailed retirement guide available which explains the various options you have at retirement. Workshops are also held bi-monthly for all members aged 55 and older.

5

RESIGNATION / WITHDRAWAL BENEFIT

On resignation, you become a paid-up member in respect of the full amount in your Member Share Account. This means that your money remains in the Fund and your money continues to grow with investment returns until such time as you make a final decision on how you wish your resignation benefit to be paid out. The election of how you wish to receive your benefit can be made at any stage. The options available to you are:

LUMP SUM WITHDRAWAL OPTIONS



VESTED POT

Available in cash taxed at the withdrawal lump sum tax table with a potentially tax-free amount of R27 500 if you resign from your employer. Available in cash taxed at the withdrawal lump sum tax table with a potentially tax-free amount of R550 000 if you are retrenched.



SAVINGS POT

This can be paid to you provided that you did not take a cash withdrawal in the current tax year and that the balance available is at least R2 000. It can also be paid to you even if you took a cash withdrawal in the current tax year and the balance available is less than R2 000. Withdrawals from your savings component is taxed at marginal rates. If you already took a cash withdrawal in the current tax year and your remaining balance in your cash component is more than R2 000 you will only be able to access it the following year. It must remain in the fund or it can be transferred to your retirement component.



RETIREMENT POT

This benefit will not be paid to you. You can elect to make it paid up in your current fund or to transfer it to another fund(s).



VESTED POT

If you elect to make your Vested component paid up, the full component will become paid up and you cannot take a portion in cash. Your full paid up vested benefit can be accessed before retirement. You will be taxed according to the lump sum tax tables should you choose to do so.



SAVINGS POT

A portion can be taken in cash (provided that you did not take a cash withdrawal in the current tax year) and the balance made paid up. Paid up savings can be accessed annually until the balance is depleted or you retire. Withdrawals from your savings component is taxed at marginal rates.

PAID UP OPTIONS



RETIREMENT POT

This benefit will remain paid up until you retire. You can elect to transfer it to another fund.

If you decide to transfer your paid up benefit you must transfer all your components or take the available portion from your vested and savings component in cash before you transfer the retirement portion. You cannot leave your vested and savings component paid up and transfer your retirement component.

TRANSFER OPTIONS



VESTED POT

This portion can be paid to you in cash taxed at the lump sum tables. If you elect to transfer this portion it must be to the same fund you elected for your retirement component.



SAVINGS POT

A portion can be taken in cash (provided that you did not take a cash withdrawal in the current tax year) and the balance transferred.

Withdrawals from your savings component is taxed at marginal rates. If you elect to transfer this portion it must be to the same fund(s) you elected for your retirement component.



RETIREMENT POT

The full retirement component will be transferred to the fund(s) of your choice.

6

RETRENCHMENT BENEFITS

On retrenchment, the full amount in your Member Share account is payable.

YOUR BENEFIT SHOULD YOU DIE WHILST IN SERVICE

If you die before age 65, your dependants, nominees (or estate if you have no dependants) will receive your full Member Share Account

PLUS an additional lump sum benefit as set out below:

AGE AT DEATH	CORE MINUS	CORE (DEFAULT)	CORE PLUS
Level of cover is expressed as a multiple of annual salary			
32 or less	4,50	9,00	13,5
33-35	4,00	8,00	12,00
36-38	3,50	7,00	10,5
39-41	3,25	6,25	9,75
42-44	3,00	5,75	9,00
45-47	2,75	5,25	8,25
48-50	2,50	5,00	7,50
51-53	2,00	4,00	6,00
54-56	1,50	3,00	4,50
57-59	1,25	2,50	2,75
60-64	1,00	2,00	3,00

Important Note: The Fund has **flexible group life** cover. Under a flexible arrangement, members are able to choose the level of cover that best suit their needs.

BENEFICIARY NOMINATION FORMS

It is very important that you nominate a beneficiary(ies) and keep this information up to date. This nomination will assist the Trustees in the allocation of the benefit payable in the event of your death.

7

FUNERAL BENEFITS

You and your family are covered for funeral benefits in the event of a death in the family while you are still an in-service member of the Fund.

The benefits are as follows:

Member:	R50 000
Spouse:	R50 000
Children:	
11 years and older:	R50 000
1 year and older, but younger than 11	R20 000
Younger than 1 year (including stillborn)	R20 000

Remember to complete a Funeral Benefit Nomination Form – without a funeral nomination form in place on your death, the funeral cover will be paid to your Estate, causing hardship for the family responsible for funeral arrangements.

BENEFITS SHOULD YOU BE REGARDED AS DISABLED

A monthly income benefit of 75% of your pensionable salary will be payable after a waiting period of 6 months. This benefit will increase by the lesser of the inflation rate and 5% each year. **This benefit will be paid until the earliest of your recovery, death, or reaching age 60.**

The Insurer providing the disability cover must consider you to be disabled before you receive the benefit.

While you are regarded as disabled, you will remain a member of the Fund. Your contributions and your Employer's contributions therefore continue. You will also remain covered for death-in-service and funeral benefits as described above.

IMPORTANT NOTE ABOUT DEATH AND DISABILITY BENEFITS

- The death and disability benefits explained above may need to be reduced to ensure that they remain affordable,
- You may be required to provide evidence of good health before you qualify for these benefits,
- Certain limited exclusions apply to these benefits; and
- You may not qualify for a disability benefit in the first 12 months of your service if you are suffering from a known disability before you join the Fund.

YOUR INVESTMENTS

As highlighted earlier, your Fund is a Defined Contribution Fund and as such you bear the investment opportunity and risk. So, the way in which your money is invested is very important.

THE CAPE MUNICIPAL PENSION FUND OFFERS MEMBER INVESTMENT CHOICE

However, if you do not want to make an investment decision yourself and you want the Trustees to choose the investment portfolio for you, you will be invested according to the **LIFE STAGE MODEL**. This is explained below.

PORTFOLIOS AVAILABLE

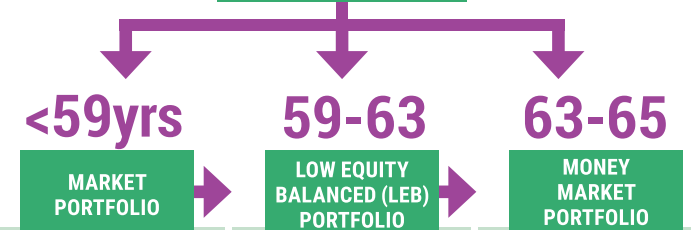
You may elect to invest your money in any of, or combination of the **Market Portfolio; Low Equity Balanced Portfolio, Money Market Portfolio** and an additional Portfolio called the **Shari'ah Portfolio**.

Should you wish to invest your money in a manner different from the Life Stage Model, you will need to complete the Investment Choice option form.

We also provide investment education workshops on a monthly basis. If you are interested to attend, please contact the Fund and book a slot. However, if you do not want to attend the face to face workshop, the Member Investment Guide is available online for you to peruse.

Investment objective of the Shari'ah Portfolio is to deliver an investment return that is 4% p.a. higher than price inflation over the longer term (after manager fees) over any rolling 5-year period. This investment return is not guaranteed and depends on market returns and investment manager skill.

LIFE STAGE PORTFOLIO



MARKET PORTFOLIO

Designed for members that are a long way off from retirement. Your money will be invested exclusively in the Market Portfolio until 7 years before your normal retirement date i.e. age 58. Investment objective is to deliver an investment return that is 5% p.a. higher than price inflation over the longer term (after manager fees). This portfolio offers the prospect of the highest return of the three portfolios over the long term, but it does take on more risk.

LOW EQUITY BALANCED (LEB) PORTFOLIO

Designed for members nearing retirement. The assets are invested in a mix of shares and bonds (local and offshore). The investment objective is to earn an investment return (after manager fees) that exceeds inflation by 3.5% p.a. over at least 5 years.

MONEY MARKET PORTFOLIO

Designed for members who are two years away from retirement. The investment objective is to perform in line with the published money market index. Contributions made into this portfolio are guaranteed and will not reduce in value.

THE SHARI'AH PORTFOLIO

The key features of this portfolio is that it adheres to Shari'ah principles:

- **The ban on interest:** Interest must not be charged or paid on any financial transaction, as interest is deemed unlawful by Shari'ah.
- **The ban on financing certain economic sectors:** Companies involved in the following activities are not Shari'ah compliant: Conventional financial services; Alcohol and tobacco; Non-halaal food production or processing activities; Entertainment (casinos, gambling and pornography) and arms manufacturing.

THE WAY YOUR FUND IS MANAGED

The Fund is **managed** by the Board of Trustees

BOARD OF TRUSTEES : 12 **PERIOD OF OFFICE** : 5 YRS

The object of the board is to direct, control and oversee the operations of the Fund in accordance with the applicable laws and rules of the Fund. Trustees have a fiduciary duty to members (including pensioners) and their beneficiaries and must run the Fund in the best interest of all the members, pensioners and beneficiaries.

50%
appointed by

CITY OF CAPE TOWN

50%
elected by

MEMBERS (YOU)

HOUSING LOANS

The CMPF offers its members housing loans FROM THE FUND. Housing loans may only be used for housing purposes in the following circumstances:

- To **repay** an **existing loan** in respect of a property
- To **buy property** on which a residence has been or will be erected
- To make additions or alterations or to maintain and repair a residence

AMOUNT YOU CAN BORROW?

You may borrow the lesser of:

- The market value of the property or alterations you wish to do; and
- 60% of your Member Share Account after allowing for the tax you would need to pay on exit.

BORROWING FROM YOUR MEMBER SHARE

ACCOUNT: There are strict conditions that are prescribed by the Pension Funds Act and the National Credit Act (NCA). The NCA places further obligations on the Fund, as a licenced credit provider, to ensure that the member can afford the loan.

INTEREST PAYABLE The interest rate is linked to the repo rate, as determined by the South African Reserve Bank.

IMPORTANT NOTE: The interest you pay back each month goes straight back into your Member Share Account. You are paying yourself back and not a financial institution.

COMMUNICATION

The Fund's main communication focus is on member education.

The Fund is committed to the provision of accurate and transparent communication at all times. Communication is aimed at informing and educating members appropriately. **TWO-WAY COMMUNICATION** is crucial and is your right. The Fund also holds monthly investment and bi-monthly retirement workshops. If you want the Fund to visit you, please contact us. The Fund also conducts ad-hoc presentations to members on request.

OTHER MEANS OF MEMBER COMMUNICATION AND EDUCATION INCLUDES:



The Fund Talk magazine, which is issued twice a year

An information centre located at the Pension Fund's Offices



A website, which has all the information you need to know about the Fund, as well as video tutorials on important topics

An Annual Report is provided to members every year



An Annual General Meeting is held once a year for all members of the Fund

PROTECTION OF PERSONAL INFORMATION (POPIA)

POPIA aims to promote your right to privacy, while at the same time protecting the right of access to information. POPIA introduces measures regarding the processing of your personal information.

The Fund is compliant with the provisions of POPIA and all the information and governance practices are in line with the Act's requirements.

All relevant POPIA material can be found on the Fund's website at www.capefund.com

These include the Privacy Policy; the Confidential Policy as well as the "POPIA" manual.



INDUCTION GUIDE

MISSION & VALUES

HONESTY

The Fund will always act towards its members in a transparent and honest manner.

EMPOWERMENT

The Fund has a focus on providing members with education that aims to empower members to understand and control their pension fund benefits.

INNOVATION

The Fund aims to be at the forefront of developments in the Retirement Fund Industry.



info@capefund.com



021 418 4140



The Towers,
Towers South, 18th Floor
2 Heerengracht
Cape Town
8000



www.capefund.com



CAPE MUNICIPAL
PENSION FUND

Helping you save today, for your tomorrow.