

# WELCOME TO THE CAPE MUNICIPAL PENSION FUND



CAPE MUNICIPAL  
PENSION FUND

*Helping you save today, for your  
tomorrow.*

**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.

# WELCOME

EST. **1925**

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.

## 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

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## FUND'S ASSETS IN EXCESS OF R20 BILLION

**14 500 MEMBERS**

The Fund has a membership of  $\pm 14\,500$  members and the Fund's assets are in excess of R20 billion. **This is an excellent membership/assets ratio.**

### 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.

## 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  
Facsimile: 086 574 3915  
E-Mail: [info@capefund.com](mailto:info@capefund.com)  
Website: [www.capefund.com](http://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.



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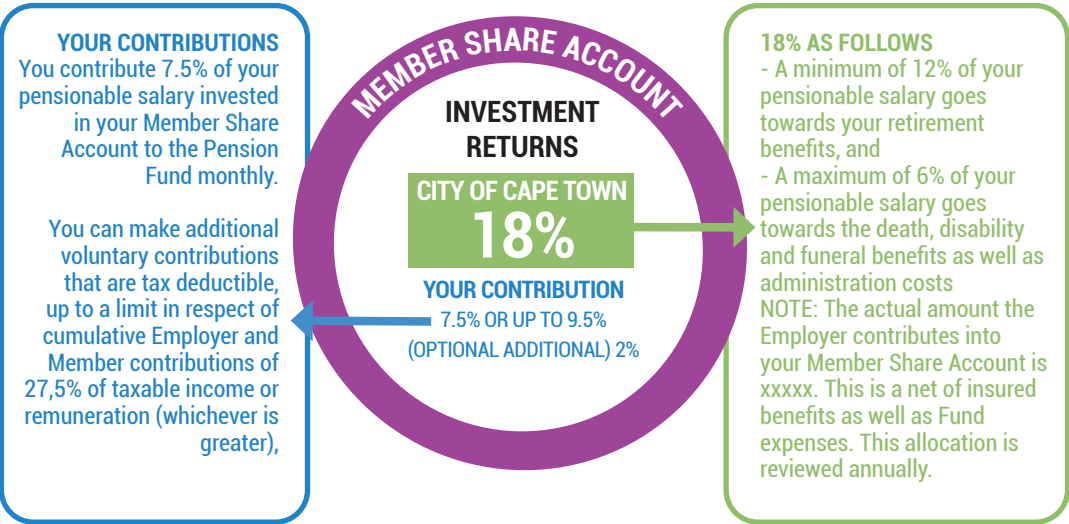
# HOW YOUR PENSION FUND WORKS

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). We refer to this account 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 grows, together with investment returns, until your retirement, resignation or death (whichever comes first). So, your retirement benefit depends on the investment returns you earn on the contributions you and the City of Cape Town set aside for your retirement.



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.

### WHAT IS A PENSION FUND?

Your Fund is a PENSION FUND and so at retirement the amount of money built up in your Member Share Account is paid out as follows:

- A maximum of 1/3rd of your money can be taken as cash lump sum (plus any transfer in of vested portion from provident fund); and
- The balance of your money will provide a life long monthly pension

# YOUR BENEFITS

PLEASE NOTE THAT TO JOIN THIS FUND YOU MUST BE UNDER THE AGE OF 60 AT DATE OF ENTRY.

## NORMAL RETIREMENT AGE = 65

You may however retire at any time from age 55 onwards. With the consent of the Employer you may retire after age 65.

### 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 this amount paid to you as a cash lump-sum, plus any transfer in of vested portion from provident fund\*\*, and
- The balance of your money will 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 your are ready to retire.)

You can choose to receive either the Life or Living annuity from the Fund or from another service provider. (If you elect to use an outside service provider 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-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 guide available which explains the various options you have at retirement. Workshops are also held bi-monthly for all members aged 55 and older

### 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:

- You may take all your money in the form of a

cash lump sum

- Alternatively, you may, if you wish, transfer the money to another Approved Fund or leave the money in the Fund and receive the benefit when you do eventually retire at your normal retirement date.

### RETRENCHMENT BENEFITS

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



# YOUR BENEFITS

## 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

### 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.

## 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 payable are as follows:

Member:	R20 000
Spouse*:	R20 000
Children:	
14 years and older	R20 000
6 years and older, but younger than 14	R10 000
1 year and older, but younger than 6	R5 000
Younger than 1 year (including stillborn)	R5 000

**Remember to complete a  
Funeral Benefit  
Nomination Form**

## 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. Social distancing measures are in place. However, if you do not want to attend the face to face workshop, the Member Investment Guide is available for you to peruse.

Investment objective 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

<59yrs

### 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 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.

59-63

### 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.

63-65

### 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

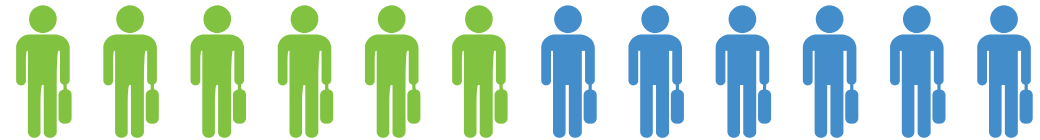
The Fund is managed by the Board of Trustees

BOARD OF TRUSTEES

12

PERIOD OF OFFICE

3 YRS



50%

appointed by

CITY OF CAPE TOWN

50%

elected by

MEMBERS (YOU)

The main responsibilities of the Trustees are:

- To run the Fund in the best interest of the members and pensioners; and
- To manage the Fund in terms of the Rules.

# COMMUNICATION

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

The Fund believes that TWO-WAY COMMUNICATION is crucial and is your right. Ad-hoc presentations to members are given on request. The Fund also holds bi-monthly investment and retirement workshops. If you want the Fund to visit you, please contact us.

## 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.

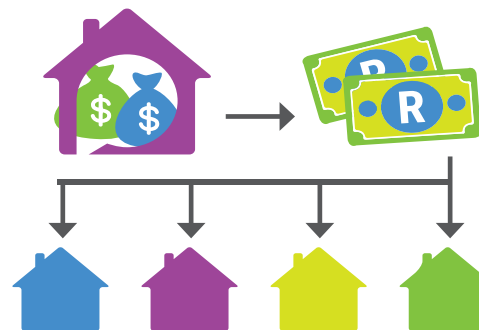
All relevant POPIA material can be found on the Fund's website at [www.capefund.com](http://www.capefund.com)

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

# HOUSING LOANS

The CMPF offers its members housing loans FROM THE FUND.

**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.



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

**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.

## 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.

## INTEREST PAYABLE

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



# INDUCTION GUIDE

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## **Our Mission**

The mission of the Fund is to provide reasonable and competitive benefits as defined in the Fund's rules and taken together with our vision statement and values.

## **Our Vision**

To strive to be at the top of the league by providing good investment performance, an effective administration service and sound governance, together with ongoing communication and education of our members.

## **Our Values**

Honesty – open and transparent.

Empowerment – via member education.

Innovation – at the forefront of developments in the retirement fund industry.

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