

# CATEGORY C (RETIREMENT FUND) INFORMATION BROCHURE

## THE NFMW IS THE FUND OF CHOICE IN LOCAL GOVERNMENT!

The **National Fund for Municipal Workers (NFMW)** has grown to the largest fund within local government and with a membership base of **more than 56 000 (employees and councillors)** throughout South Africa, it is clear that we are the **fund of choice**.

Our members are at the centre of what we do, our decisions, our behaviours and the strategies that we employ in the management of the fund.

We pride ourselves in providing **excellent service** and the administration **cost is of the lowest in the industry**, this translates to less of our members' contributions towards cost and more towards **retirement savings**.

Our **excellent long-term investment** performance track record puts it on par with the best global balanced managed portfolios in South Africa and **ahead of its peers** in Local Government.

This brochure contains information about the fund, its benefits, payment options when leaving employment as well as the services we provide to our members. If you need more detailed information, you can contact one of our communication consultants directly, or the fund on the details provided in this document. Remember we are always here to help!

## SAVING TOWARDS YOUR RETIREMENT

The NFMW is a defined contribution fund where you have your own account in the Fund, called the fund credit. The fund credit consists of your contributions plus the employer contributions plus investment returns earned, minus the cost.

### ● The Fund receives monthly contributions

On a monthly basis your and the employer's contributions are paid to the fund. Members contribute between 7.5% and 9% and the employer 18% of pensionable salary, dependent on your conditions of service. One-third of the monthly contributions, after costs, is allocated to the savings component, and two-thirds is allocated to the retirement component, after which investment returns are added.

### ● The administration cost and risk cover costs are deducted

The risk cover costs (death, disability, and funeral cover costs) as determined by the risk option selected, and the administration cost which goes towards the day-to-day running of the fund, are 0.5% deducted from the employer contributions. The Fund understands the impact that high costs can have on a member's retirement savings and therefore always endeavours to keep it to a minimum.

### ● Investment returns are added

It is important to note that you carry the investment risk. This means that good investment returns will have a positive effect on your fund credit and negative returns the opposite effect.



## INVESTMENTS

**LIFE STAGES** The Fund applies a default life stage model which automatically takes members through various investment portfolios with different risk profiles i.e. aggressive to more conservative portfolios as they approach retirement age. The life stages are provided below:

Members **younger than age 55**  
- Aggressive Growth portfolio

Members **aged 55 and older, but younger than age 62**  
- Capital Growth portfolio

Members **aged 62 and older**  
- Stable Growth portfolio

The Fund uses a phasing-in approach for default switches. The first 25% switch to the new recommended portfolio will commence at the end of a member's birthday month. As a result, it will take 12 months for a total portfolio switch to be completed. After the 12-month phase-in period, all future member contributions will automatically accrue to the new default life stage portfolio.

**MEMBER INVESTMENT CHOICE** The Fund also allows flexibility in providing our members with the option to elect any of the individual investment portfolio options available.

### Aggressive Growth Portfolio

**Investment objective:** To maximise capital growth over a long-term investment horizon. Members should acknowledge that this strategy could deliver volatile and negative returns over the short-term. This strategy is suitable for members with more than 10 years to retirement.

### Capital Growth Portfolio

**Investment objective:** To target capital growth over a medium to long-term investment horizon. Members should acknowledge that this strategy could deliver volatile and negative returns over the short-term. This strategy is suitable for members with 5 to 10 years to retirement.

### Stable Growth Portfolio

**Investment objective:** To target stable returns over a medium-term investment horizon with low volatility and a low probability of negative returns. This strategy is suitable for members with 1 to 5 years to retirement.

### Capital Protector Portfolio

**Investment objective:** To provide capital security with very low volatility and an extremely low probability of negative returns. This strategy is suitable for members with less than 1 year to retirement where capital protection is absolutely necessary.

### Shari'ah Portfolio

This portfolio is suitable for Muslim investors requiring a Sharia-compliant investment portfolio. The portfolio will be invested in a variety of domestic and international asset classes. The underlying investments will comply with Shari'ah requirements as prescribed by the Auditing Organisation for Islamic Financial Institutions. The portfolio targets capital growth over the long-term while limiting short term market fluctuations.

- Members have the option to switch between the different portfolios and are encouraged to obtain financial advice, to ensure that they make informed investment decisions.
- The latest investment returns, including the fund fact sheets are available on the fund's website [www.nationalfund.co.za](http://www.nationalfund.co.za).

## NFMW BENEFITS

Members and their family members benefit from the NFMW's superior value proposition. This talks to the Fund's vision of positively impacting the lives of our members, their families and communities, today and tomorrow.

### Death and disability benefits

In the case of the unforeseen happening, like death or disability, it is important to know that your family will be financially taken care of.

The Fund provides our members with the option to elect the amount of death and disability cover, by choosing between the four available categories. Where no Category is elected, the member will be placed on the Default risk cover option, which is C5.

CATEGORY	DISABILITY COVER	DEATH COVER
C0 No cost	Choice of no cover, only fund credit payable	Choice of no cover, only fund credit payable
C1 - Total cost 0.70%	A lump sum of 1 x annual pensionable salary + fund credit	A lump sum of 1 x annual pensionable salary + fund credit
C3 - Total cost 2.10%	A lump sum of 3 x annual pensionable salary + fund credit	A lump sum of 3 x annual pensionable salary + fund credit
C5 - Total cost 3.20%	A lump sum of 3 x annual pensionable salary + fund credit	A lump sum of 5 x annual pensionable salary + fund credit

- Members have the option to decrease their risk cover option twice a year effective 1 January or 1 July and increase their risk cover when their personal status changes i.e birth of a child, marriage, within 3 months from the date of the event. Medical underwriting may be required.
- In the event of an active member's death or disability before retirement age, the funeral cover will continue until such time that the member would have reached normal retirement age.
- The disability benefit reduces with 1.67% per month from age 60 to 65. A disability claim is subject to the approval in accordance to the policy conditions.
- Death, disability and funeral cover cease when a member ends service or at normal retirement age.

MEMBERS MUST ENSURE THAT THEIR BENEFICIARY INFORMATION IS UPDATED REGULARLY. THE INFORMATION IS TREATED AS STRICTLY CONFIDENTIAL BY THE FUND AND THE FORMS ARE AVAILABLE ON THE FUND'S WEBSITE, FROM THE FUND'S OFFICES AND CAN BE UPDATED ON THE SANLAM ONLINE PLATFORM.

**IMPORTANT REMINDER!** Death benefit payments are subject to Section 37C of the Pension Funds Act, which means the last will and testament, although considered for information purposes, does not determine how the death benefit is distributed. The nomination form, however, plays an important role as it is used as an important guideline when the trustees decide on who the benefit should be paid out to.

**NFMW**  
*Fund of choice!*

## Funeral cover

All members and their qualifying family members are covered for the following funeral benefits irrespective of the risk category elected: Funeral cover cost: 0.313% of pensionable salary.

Main member	R 58 000
*Qualifying spouse/life partner	R 58 000
Qualifying child 6 to 21 years (Qualifying child 21 to 26 years must be a full-time student, unmarried and/or disabled)	R 28 500
Qualifying child from 26 weeks of pregnancy until 6 years	R 13 000

**REPATRIATION BENEFIT** – This is an included service available on the death of a member or qualifying family members. It is available 24 hours a day, seven days a week and offers the service of transporting the deceased, by land and/or air to place of burial within South Africa. To claim, please contact the insurer on 086 0004 080, quote the name and ID of the deceased, name of fund and place where death occurred.

\*The qualifying spouse/life partner must be younger than the age of 75 when the member joins the Fund to qualify for the funeral benefit. Members must ensure that their life partners are registered with the Fund, by completing and submitting the Application for Registration of a Life Partner-form to qualify for the funeral benefit.

## VALUE ADDED BENEFITS

### THE HEALTH HEROES SERVICE

The Health Heroes service can assist NFMW members and qualifying family members with counselling and support services in their personal life and at work and is available 24 hours a day, seven days a week, 365 days a year. They can assist with marital, family and relationship problems, incapacity and disability, personal and work-related stress, suicide/homicidal threat, alcohol and substance abuse as well as other psychosocial issues and health challenges. Contact Health Heroes on 0800 333 048 or e-mail [healthheroes@kulapartners.co.za](mailto:healthheroes@kulapartners.co.za) or USSD \*120\*1080#

### ABSA WORKPLACE BENEFITS

ABSA offers NFMW-members financial service solutions, which include exclusive discounts on vehicle finance, home loans and personal loans. For more information contact Workplace Banking Direct on 0860 556 556. Remember your NFMW-membership card or latest benefit statement when engaging with ABSA and to quote the NFMW-group scheme code: 10682. Terms and conditions apply.

### SANLAM REALITY ACCESS LOYALTY PROGRAMME

NFMW-members automatically qualify for benefits and savings through the Sanlam Reality Access loyalty programme which rewards members for living a financially responsible life. Benefits include funeral support, legal assistance emergency medical support, trauma, assault and HIV assist, discounted coupons, online calculators, and tools. Contact 0860 732 548/9 for more information on how to access these and other exclusive lifestyle benefits.

### VOLUNTARY FUNERAL COVER

NFMW-members have the option to make use of additional voluntary benefits for funeral cover. The cover is completely voluntary and you can structure it to best suit your individual needs. The monthly premium is payable directly by the member to the provider. The number of family members you wish to insure, the amount of cover and/or the package you choose, will determine the monthly premium payable. Please refer to the brochure and policy document for the cost and the applicable terms and conditions.

- Burial packages structured around your individual needs (Kgatso Funerals 087 160 0568);
- Funeral cover for parents/parents-in-law and extended family members; and
- Funeral cover conversion which allows members to continue with the funeral cover when they resign, are retrenched, or retire (Sanlam 0860 222 556).

### PENSION-BACKED HOUSING LOANS

The Fund understands the need for housing and therefore provides housing loan guarantees based on a maximum percentage of a member's Fund credit. The loan is subject to approval by the relevant credit provider and must be used for housing purposes i.e. renovating of property, purchasing of property and /or a plot and/or for the settlement or partial settlement of an existing bond. Standard Bank is one of the financial credit providers that offers the pension-backed home loan facility. Please note that your employer must have an agreement with the respective financial credit provider, in order to apply for the home loan guarantee facility.

For further information and assistance with the home loan application process please contact:  
Standard Bank Pension Backed lending on 086 100 9429 or [Pblloanorigination@standardbank.co.za](mailto:Pblloanorigination@standardbank.co.za)



# BENEFITS PAYABLE WHEN ENDING SERVICE

## ON RESIGNATION (ENDING SERVICE BEFORE AGE 55)

- No penalties
- If you resign, are dismissed or retrenched you will be able to withdraw the full value of your vested pot, which includes savings accumulated up to 31 August 2024 and any growth thereon. You will also be able to withdraw the money in your savings pot as a lump sum (you can only withdraw if you have not made a withdrawal from this pot in the current tax year or if the remaining value is less than R2000).
- Benefit is subject to tax.
- Option to become a deferred member or transfer benefit into an approved fund.
- **NB! Members who end service and immediately take up employment at another participating employer, will not be entitled to withdraw their benefits and must, in terms of Fund Rules, continue with their Fund membership at the new employer.**

## AT RETIREMENT

- **Normal retirement** – at age 65 years or as per conditions of service
- **Early retirement** – from age 55 years
- **VESTED COMPONENT:** At retirement, you will be able to take 100% of the vested benefits ("old money") and up to one-third of the non-vested benefits ("new money") as a cash lump sum, subject to tax. However, you will be required to purchase an annuity/pension with at least two-thirds of the non-vested benefits ("new money"). Members who were 55 years or older on 1 March 2021 and who did not opt into the two-pot system will have the option to receive their full retirement benefit as a lump sum, provided they remain a member of the NFMW until they retire.
- **SAVINGS COMPONENT:** Any benefits left in the savings component at retirement can be taken as a cash lump sum. Alternatively, it may be transferred to the retirement component at retirement and taken in the form of a compulsory annuity/pension.
- **RETIREMENT COMPONENT:** 100% of the benefits in the retirement component must be taken in the form of a compulsory annuity/pension at retirement. Exception: You may take a cash lump sum if the total value in the retirement component plus two-thirds of the non-vested ("new money") benefit in the vested component does not exceed R165,000 (de minimis amount as prescribed in the Income Tax Act).
- Members who have reached normal retirement age can defer their retirement, subject to the conditions by the employer. Contributions will continue to be paid during this time.

**NFMW post-retirement products:** The NFMW offers two post-retirement products. The NFMW Golden income with profits life annuity underwritten by MMI and the NFMW Trustee endorsed living annuity (out-of-fund)

The NFMW offers holistic retirement benefit counselling, financial planning and advice to all members of the Fund during members' working life, including post-retirement. Contact Portfolium on (012) 880 5981 and INFund Solutions on (012) 880 5983 for more information or to speak to one of the INFund counsellors or financial advisors.

## OUR SERVICES

- We bring the fund to you through regular employer visits.
- SMS-communication with instant notification of upcoming events, fund updates and latest fund values.
- Regular monthly newsletters.
- Benefit statements.
- Annual report.
- Educational videos.
- An interactive website with a [#datafree](#) facility.
- Mobile application: Register at <https://cp.sanlam.co.za/cplogin> or download the Sanlam My Portfolio Application.

## CONNECT WITH US

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*Fund of choice!*

### COMMUNICATION CONSULTANTS

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**IT IS IMPORTANT TO NOTE THAT THE NFMW STAFF ARE NOT QUALIFIED TO PROVIDE FINANCIAL ADVICE AS CONTEMPLATED IN THE FAIS-ACT AND MEMBERS SHOULD ALWAYS SEEK FINANCIAL ADVICE FROM A QUALIFIED FINANCIAL ADVISOR.**