



# INFORMATION BROCHURE

## CATEGORY C (RETIREMENT FUND)

The **NFMW** has grown to be the **largest fund** in Local Government with a membership base of more than **55 000 members**, which is a clear indication that we are **the fund of choice** for municipal employees and councillors throughout South Africa.

The NFMW's **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.

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

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!

**September 2021 edition**

Fund registration number 12/8/35064

**NFMW** *Fund of choice!*

# NFMW *Fund of choice!*

## How does it work? Let us explain...

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. When you end service, whether it is due to resignation, dismissal, death, disability or retirement, the fund credit is always payable.

### We receive

#### 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.

### We deduct

#### ADMINISTRATION COST AND RISK COVER COSTS

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 (0.5%), are 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.

### We add

#### INVESTMENT RETURNS

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

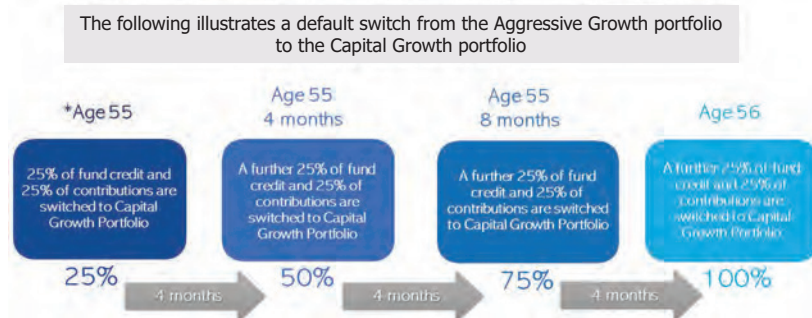
## INVESTING TOWARDS YOUR RETIREMENT

### LIFESTAGES

The fund applies a 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 age 55 and older, but younger than age 62 - Capital Growth portfolio
- Members age 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. See an illustration of a default switch from the Aggressive Growth portfolio to the Capital Growth portfolio.



\*The first 25% switch to the new recommended portfolio will commence at the end of a member's birthday month.

### 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

**Risk profile:** Aggressive risk profile, with a possibility of negative and volatile monthly returns over the short and medium term.

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

#### Capital Growth Portfolio

**Risk profile:** Medium risk profile. Expect occasional negative monthly returns and short-term volatility.

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

#### Stable Growth Portfolio

**Risk profile:** Cautious, expect low volatility. Positive returns over rolling 12-month periods, low probability of capital loss.

**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 one to five years to retirement.

#### Capital Protector Portfolio

**Risk profile:** Conservative, expect positive, nominal returns on a monthly basis with low volatility.

**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 one year to retirement where capital protection is necessary.

#### Shari'ah portfolio

**Risk profile:** Medium risk profile, with a possibility of negative monthly returns and short-term volatility.

This portfolio is suitable for Muslim investors requiring a Shari'ah-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.

- You can switch between the different portfolios, once during a fund year (1 July to 30 June) at no cost.
- 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).

## Fund benefits

Life happens, and 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.

## Death and disability cover

The fund provides our members with the option to elect the amount of death and disability cover, by choosing between the four available categories.

CATEGORY	DEATH COVER	DISABILITY COVER
<b>C1</b> Total cost 1,187% of monthly pensionable salary	1 x Annual Pensionable Salary + fund credit	1 x Annual Pensionable Salary + fund credit
<b>C3</b> Total cost 2,946% of monthly pensionable salary	3 x Annual Pensionable Salary + fund credit	3 x Annual Pensionable Salary + fund credit
<b>C5</b> Total cost 4,090% of monthly pensionable salary	5 x Annual Pensionable Salary + fund credit	3 x Annual Pensionable Salary + fund credit
<b>C0</b> Total cost 0,292% of monthly pensionable salary	No cover (fund credit payable)	No cover (fund credit payable)

- ✓ Members have an option to change their risk category twice a year effective 1 January or 1 July and when their personal status changes. The Change in Risk cover forms must be submitted before 31 December and 30 June respectively for risk cover decreases and within 2 months after a 'life event', i.e. marriage or the birth of a child for risk cover increase applications. Medical underwriting may be required for changes.
- ✓ 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 of the insurer (Sanlam).
- ✓ Death, disability and funeral cover cease when a member ends service or at normal retirement age.

**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.

**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 WEBSITE, FROM THE FUND'S OFFICES AND CAN BE UPDATED ON THE SANLAM ONLINE PLATFORM**

## FUNERAL COVER

All members and their qualifying family members are covered for the following funeral benefits irrespective of the risk category elected:

DEPENDANTS	CATEGORY C COVER
Main member	<b>R48 500</b>
Qualifying spouse	<b>R48 500</b>
Qualifying child 6 years and older (above 21 years of age must be a full-time student, unmarried and/or disabled)	<b>R24 250</b>
Qualifying child from 26 weeks of pregnancy until 6 years	<b>R11 000</b>

**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 of the deceased, by land and/or air to place of burial within South Africa.

- **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 in order to qualify for the funeral benefit.**
- **The qualifying spouse/life partner must be younger than the age 75 when a member joins the fund to qualify for the funeral benefit.**

### 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. Members have the option to make use of any of the two financial credit providers identified by the fund, currently Standard Bank and RFS Home loans. 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  
086 100 9429 or  
Pbloanorigination@standardbank.co.za  
RFS Home loans (012) 523 5555 or  
morris@rfshomeloans.co.za

### 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 cover is completely voluntary and 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).

### 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, discount coupons, online calculators, and tools. Contact 0860 732 548/9 for more information on how to access these and other exclusive lifestyle benefits.



## ENDING SERVICE

### On resignation (ending service before age 55)

- No penalties
- If you resign voluntarily or are dismissed, the full fund credit will be paid as a lump sum.
- Benefit is subject to tax.
- Option to become a deferred member or transfer benefit into an approved fund.

### At retirement

- Normal retirement – at age 65 years or as per conditions of service
  - Early retirement – from age 55 years
- ✓ Members who were 55 years and older on 1 March 2021 will have the option to have the full retirement benefit paid to them as a lump sum (if they remain a member of the NFMW until they retire).
- ✓ Members who were younger than 55 years on 1 March 2021 can choose to have their benefits accumulated before 1 March 2021 plus interest on that benefit, paid as a cash lump sum, when they retire. However, only one-third of the benefit accumulated after 1 March 2021 can be paid as a cash lump sum and two-thirds must be used to purchase a pension. If the benefit accumulated after 1 March 2021 is less than R247 500, the member can choose to only take the total/full benefit as a cash lump sum.
- ✓ Category E members may only take one-third of the benefit as a cash lump sum and two-thirds must be used to purchase a pension. If the benefit accumulated is less than R247 500, the member can choose to be paid the total/full benefit as a cash lump sum.

Benefit payments are subject to tax.

**NFMW post-retirement products:** The NFMW offers three post-retirement products, the on-balance sheet NFMW living annuity (managed as part of the fund's assets), the off-balance sheet NFMW Golden income living annuity and the NFMW Golden income life annuity underwritten by MML. The services of in-fund consultants are available to assist members. They can be contacted on (012) 743 3000.

## 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.
- Two benefit statements per year.
- Regular monthly newsletters.
- Annual report.
- Educational videos.
- An interactive website.
- Mobile application.

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Cape Town**  
021 - 816 9500

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072 360 5850

**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.**

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