UNISARF
Unisa Retirement Fund

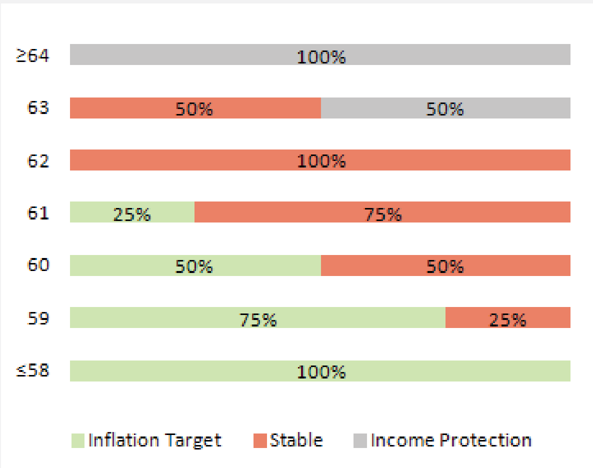
Post Box 392 Unisa 0003
012 429 2521/2747
Reg No 12/8/31320

Summary of Benefits

Please note that this document is a summary of the benefits, and in the event of a conflict between this summary and the Fund Rules, the Rules of the Fund will apply. The security and protection of your personal information is important to the Fund. For more details, please visit http://unisarf.co.za/unisarf/policies-and-rules

The UNISA Retirement Fund is a **defined contribution arrangement**. This means that your benefit on retirement depends on future investment returns. However, for most members that joined the Fund before 1 September 1996 (*but not all*), the Fund provides a minimum retirement benefit. The main features of the Fund are outlined below.

Feature	Description
Your contributions	Nil – but you may make additional voluntary contributions if you wish to do so.
Your employer contributions	16% of your pensionable salary is allocated monthly towards your retirement savings. Some former VISTA members elected to contribute 18.5%, and UNISA is required to maintain such higher contributions in respect of those members. The 16% contribution applies to the bulk of UNISARF members. The employer also pays the cost of death, funeral and disability benefits as well as the expenses of the Fund. Disability claimants contribute a lesser percentage of pensionable salary as no premium is required for disability benefits.
Your normal retirement age	This will be as per your conditions of employment. You may retire from age 55 onwards subject to such terms as may be set out in your employment contract. You may retire latest at the end of the year in which you turn 65, provided that your employment contract allows for it. You can elect to leave your benefit in the Fund until the date of your actual need of a retirement income.
Your retirement benefit value	The total contributions paid each month towards your retirement savings, **PLUS** The investment return thereon; **PLUS** Any balance in your Supplementary Account (see below) The total of the above is called your **Member Credit Account.** This benefit will be subject to a specified minimum if you joined the Fund before 1 September 1996 and are entitled to the minimum retirement benefit. Some members may also be entitled to an additional benefit due to an additional contribution UNISA made to the Fund in 2007 in lieu of subsidising medical aid contributions in retirement, or due to additional voluntary contributions made by members. These amounts are credited to your Supplementary Account. In 2007, some members elected for UNISA to settle their post-retirement medical aid contributions by paying an additional contribution to the UNISARF. This amount and /or any additional voluntary contributions made to the Fund are credited to your Supplementary Account and form part of your retirement benefit.

How you may use your benefit at retirement	If you were aged 55 or older as at 1 March 2021, you can elect to receive your retirement benefit as a combination of cash and/or pension. Any cash portion will be taxed. **If you were under the age of 55 as at 1 March 2021, please see the last page of this document for details around this rule.** You may elect a life pension and/or a living annuity from the Fund, OR You can transfer your money to another pension provider if you wish.
Resignation and retrenchment benefit	Your balance in your Fund Credit Account is payable (but it is taxed if you receive this amount in cash). You can elect to leave your benefit in the Fund when you resign or are retrenched, until you need a retirement income. Alternatively, you can transfer your money into your new employer's fund, a retirement annuity or a preservation provident fund.
Death in service benefit	The total death benefit is the balance in your Member Credit Account, **PLUS** Twice your annual pensionable salary, **PLUS** If you have a life partner (spouse): a pension of 35% of your pensionable salary is paid to your life partner. If you don't have a life partner, but you do have children, this 35% of pensionable salary will be shared between them and will be paid until they reach age 18 (or age 24 in the case of full-time students).
Disability benefit (this is an external policy and is not provided by the Fund)	If you are regarded as disabled to continue work by the Insurer, you will receive an income of 62% of your pensionable salary until the earliest of the time you can return to work, your death, or reaching age 60. Note that a different benefit applies to former Vista employees. You remain a member of the Fund whilst you are disabled, and the employer continues to make retirement contributions for you until your normal retirement age. You also continue to be entitled to the Fund's death benefits. Once you are considered disabled, the Insurer may require you to go for a medical assessment on a regular basis to evaluate whether you are still disabled.
Funeral benefit (this is an external policy and is not provided by the Fund)	Member, spouse/life partner = R20 000 Child 12 to 21 or age 24 in the case of full-time student = R10 000 Child under 12 including stillborn* = R5 000 **A stillbirth child means a child that has had at least 26 weeks of intra-uterine existence but showed no sign of life after complete birth*
Investment of your retirement savings	Your money will be invested according to the Life Stage strategy shown below, unless you opt out of this strategy to choose your own portfolio, which can be any combination of the Shari'ah, Inflation Target, Stable and Income Protection portfolios. Members entitled to the minimum retirement benefit lose the right to this benefit if they opt out of the Life Stage model.  You can elect that the life stage model be applied to age 55, 60 or 65. Members entitled to the minimum retirement benefit do not lose this benefit if they exercise this choice.

Changes to Provident Funds from March 2021

Members younger than 55

Background

During the 2020 Budget Speech, the Minister of Finance indicated that the annuitisation of provident funds, which had been repeatedly postponed, would be implemented effective 1 March 2021.

Currently, in a provident fund, you can take your full benefit in cash when you retire, although it is taxed.

What exactly does the change mean?

- When this comes into effect, it will mean that members of provident funds younger than 55 will be restricted to taking a maximum of one third of their retirement benefit in cash, using the balance to purchase a pension.
- Member's vested benefits in the Fund will be protected and exempted from the annuitisation requirements at retirement.
- Importantly, you are exempted from the annuitisation requirement if you are 55 years or older on 1 March 2021. You will still be able to take your full retirement benefit as a cash lump sum, if you stay in the same fund until you retire.

In other words, with effect from 1 March 2021, you will have two separate 'savings accounts' in the Fund:

OLD ACCOUNT

YOUR VESTED BENEFITS (PROTECTED SAVINGS) **UP TO 1 MARCH 2021**

- This is your full **Fund credit** as at 1 March 2021 and any investment returns that you may earn on that money up until you retire.
- You will still be allowed to take this money as a **cash lump sum** at retirement.

NEW ACCOUNT

NEW SAVINGS AFTER 1 MARCH 2021

- Any new monies paid into a provident fund on or after **1 March 2021** will be subject to the new annuitisation rules at retirement, unless the value is below **R247 500**.
- This means that you will only be able to take a maximum of one third of your new savings pot as a cash lump sum, and you will need to buy a pension, **i.e. an annuity,** at retirement with the balance.*

Why is this change being made?

- According to the Reserve Bank, household debt as a proportion of income is dangerously high. With such high debt levels, many South Africans simply do not save.
- As a result, many provident fund members make poor decisions when they retire. By cashing out their benefit, they are sabotaging their future financial security.
- By making it compulsory to use two thirds of your savings to buy an annuity, which provides a pension income, government seeks to ensure that you will not be destitute in your old age.
- Finally, this change allows for the harmonisation of how your savings are taxed. From **1 March 2021**, you will not be taxed when you transfer your savings to another fund, except if you are in a retirement annuity fund.

**Your Fund offers annuity strategies at affordable rates.*

Contact the Fund for more information:
unisarf@unisa.ac.za