University of South Africa Retirement Fund

7th floor, O.R. Tambo Building,
Preller Street, Muckleneuk,
Pretoria
Reg No 12/8/31320

About Your Fund

The University of South Africa Retirement Fund (UNISARF) is a **Provident Fund**.

This means:

- The Fund follows the rules that apply to provident funds.
- Some of these rules changed with reforms introduced on **1 March 2021**.
- These changes may affect how you save, invest, and are able to access your retirement benefits.

Q: <u>Is the UNISA Retirement Fund part of my employer, UNISA?</u>

A: No. UNISARF is a separate legal entity. Your retirement savings are managed independently from your employer and the Fund is led by a Board of Trustees made up of employer appointed, member elected and pensioner trustees.

Q: <u>How safe are my monies within UNISARF?</u>

A: Your retirement savings are well-protected:

- UNISARF is a separate legal entity, so your money is independent of your employer.
- The Fund is governed by a Board of Trustees who manage it in your best interest.
- The Fund's operations are regulated by the Financial Sector Conduct Authority (FSCA) to ensure compliance with South African pension fund laws.
- Independent service providers, such as auditors, administrators, and Principal Officer, are accountable to the FSCA.
- All these measures work together to ensure that your retirement savings are secure and properly managed.

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Q: <u>When can I retire from the Fund?</u>

A:

- Normal retirement age: **65** years old – you may exit any time up until the end of the year in which you turn 65.
- Early retirement: anytime from **55 years old**

Q: <u>Does retirement from my employer automatically mean retirement from the Fund?</u>

A: No. Retiring from employment does not automatically mean you must retire from the Fund. You may choose to **defer your retirement**.

This means:

- Your savings remain invested in the Fund.
- You only access your retirement benefit later, when you are ready to convert your savings into a retirement income.
- During the deferred period, no further contributions are made, and you are no longer covered for death or disability benefits.

Q: <u>How much cash can I take as a lump sum at retirement?</u>

UNISARF is a Provident Fund, so the withdrawal rules depend on your age on 1 March 2021, and whether you opted into the Two-Pot Retirement System.

A1: ***Members who <u>did not</u> opt into the Two-Pot System (and were 55+ on 1 March 2021)***

Your benefit is not split into pots and no limits apply to lump sum withdrawals.

If you were 55 years or older on 1 March 2021 and remained in UNISARF without opting into the Two-Pot System, you may take up to 100% of your retirement benefit in cash at retirement (subject to tax).

A2: ***Members who <u>did</u> opt into the Two-Pot System (and were 55+ on 1 March 2021)***

Your benefit is split into **three "pots,"** and the lump sum withdrawal limits are:

- **Vested Pot**: up to 100% available in cash (subject to tax).
- **Savings Pot**: up to 100% available in cash (subject to tax).
- ***Retirement Pot**: no cash access (funds must be used to purchase an annuity at retirement)

If your **Retirement Pot balance is less than **R165,000**, you may take the full amount in cash.*

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A3. Members who were 55 years or younger on 1 March 2021

You were automatically enrolled into the Two-Pot System. Your benefit is split into **four "pots,"** and the lump sum withdrawal limits are:

- **Vested Pot** (before 1 March 2021): up to 100% available in cash (subject to tax).
- **Non-Vested Pot** (1 March 2021 – 31 August 2024): up to one-third in cash (subject to tax), remaining two-thirds must used to purchase an annuity at retirement.
- **Savings Pot** (from 1 September 2024): up to 100% available in cash (subject to tax).
- ***Retirement Pot** (from 1 September 2024): no cash access (must used to purchase an annuity at retirement).

If your **combined two-thirds of the Non-Vested Pot plus your **Retirement Pot balance** is less than **R165,000**, you may take the full benefit in cash.*

Q: How is my cash taxed?
Cash lump sums are taxed according to SARS retirement tables as shown below:

Lump sum between:	Tax rate formula
R0 – R550,000	0%
R550,001 – R770,000	18% above R550,000
R770,001 – R1,155,000	R39,600 + 27% above R770,000
Above R1,155,001	R143,550 + 36% above R1,155,000

Q: Are my previous retirement withdrawals taken into account for tax?

A: Yes. Lump sums you previously withdrew from former employers, retirement annuities, or preservation funds after 1 October 2007 will be aggregated when calculating the tax on any new withdrawals.

Q: What is a Life Annuity?

A: A life annuity provides a guaranteed income for the rest of your life.

You can choose:

- **Annual income increases**: 50% or 100% of inflation
- **Spouse or major child pension**: 0%, 50%, or 75%.
- **Guarantee period**: 0, 5, 10, 15, or 20 years.

Spouse consent required: If you choose 0% spouse's pension, your spouse must sign a written consent form confirming agreement.

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Q: What happens if I die while receiving a Life Annuity?

A: Your income stops at your death **unless** you chose one of these options at the beginning of your retirement:

- A **guarantee period** (e.g., 5, 10, 15, or 20 years) — in this case, the full pension continues from your date of death to your spouse or elected major child for the remainder of that guarantee period.

- If you selected **a spouse or major child pension**, a reduced rate of 50% or 75% of your pension will continue to your nominated spouse or major child for the rest of their life, after any guaranteed period you chose expires.

If you selected **no spouse's pension or major child pension, and no guarantee period**, the pension stops immediately when you die, and no further benefits are payable.

Q: What is a Living Annuity?

A:

- Your retirement capital that will fund your pension income is invested and thus will fluctuate depending on market movements.
- You select an annual income draw-down (2.5%–17.5% p.a.), but the Fund limits this based on age (max 5% before age 60, scaling up to 17.5% after 91).
- You may choose your investment portfolios or use the Fund's default strategy.
- Risks: your money may run out if returns are poor or income drawdowns are too high.
- Minimum capital required: R1.5 million.

Q: What happens if I die while receiving a Living Annuity?

A:

- Your **remaining retirement capital** does not fall away; your spouse continues as the new living annuity account holder and draws a monthly income as per UNISARF's age band drawdown rates.

- If you do not have a spouse at the time of your death, the remaining capital is distributed by the UNISARF Board of Trustees according to **section 37C of the Pension Funds Act**, which means it will be allocated to your financial dependants.

Q: Can I combine annuities?

A: Yes. You may:

- Split between Life and Living Annuities within UNISARF.
- Combine a UNISARF annuity with an **external annuity**.

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Q: What changes can I make to my annuity after retirement?

A:

- **Living Annuity:** Annual changes to income drawdown rates, investment portfolios, and beneficiary nominations are allowed.

- **Life Annuity:** No changes to annual income increases, spouse or major child pension levels, or guarantee periods are permitted.

Q: Can I transfer my life or living annuity later?

A: By providing 3 (three) calendar months' written notice to UNISARF, you may transfer your life or living annuity to an external life or living annuity provider such as a registered insurer.

Q: Can I compare with external insurers?

A: Yes. You are encouraged to:

- Request comparative quotations from external providers (e.g. Sanlam, Old Mutual, Momentum, Liberty, etc.).
- Discuss these options with your financial advisor.

Q: What if I don't have a financial advisor?

- The Retirement Benefit Counsellor, Infund Solutions, can arrange a one-on-one consultation with an independent financial advisor at no cost to you for the consultation.

- If you decide to implement investment products with that advisor, normal advice/product fees will apply (negotiated directly between you and the advisor).

Q: Do I pay tax on my monthly pension?

A: Yes. Pension income is subject to the normal PAYE (Pay-As-You-Earn). If your total annual income from pensions (and any other sources) is **above** the SARS tax threshold, tax will be deducted each month.

- The SARS tax thresholds for the **2024/2025 tax year** are:
  - Under 65: R95,750
  - Age 65–74: R148,217
  - Age 75 and older: R165,689

- If your annual income is **below the threshold** for your age, no income tax will be payable.

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Important:

- If you receive **more than one pension or income source**, SARS may require you to pay additional tax at year-end.
- You are responsible for submitting an **annual tax return** if your total income exceeds the threshold.

Q: <u>Do I need to file a tax return as a pensioner?</u>

A: Yes. If your annual income exceeds the SARS filing threshold, you are required to submit a tax return each year. This applies even if tax has already been deducted by UNISARF or an insurer.

Q: <u>Can multiple pensions affect my tax?</u>

A: Yes. If you have pensions from more than one source (e.g. UNISARF + external provider), SARS may require additional tax at year-end. You can request SARS to deduct a **fixed PAYE rate** to avoid a shortfall later.

Q: <u>Which forms do I need to submit when I retire?</u>

A:

- Retirement Option Form (UNISARF).
- Alex Forbes Retirement Claim Form.
- Supporting documents (certified ID, proof of residence, marriage/spouse documents, bank confirmation, etc.)

Q: <u>When must I submit my retirement forms?</u>

A:

- All retirement forms and supporting documents must be submitted to your **HR Practitioner no later than 6 working days before your retirement date**.
- If the University closes before your retirement date (e.g. year-end closure), the deadline will be **6 working days before the University closes**.
- This ensures there is enough time to process your claim and avoid payment delays.
- **Deferred members**: submit directly to Alex Forbes.

Q: <u>How long does the process take?</u>

A:

- Claims are usually finalised within 8–12 weeks after your retirement date.
- If delays occur, arrear payments may be processed.

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Q: <u>What happens if I miss the deadline?</u>

A: Late submission may cause significant delays in the processing and payment of your retirement benefit. You will also not be eligible for arrear payments.

Q: Do I still have life or funeral cover when I retire?

A: No. UNISARF does not provide life or funeral cover as part of the retirement fund benefits. If you want life or funeral cover, it must be arranged separately through external insurance providers or via your employer's continuation benefits, if available.

Q: <u>Do I still have medical aid cover when I retire?</u>

A: No. UNISARF does not provide medical aid cover. Medical aid must be arranged separately through your employer or an external medical aid provider.

Q: <u>Who can help me with my retirement options?</u>

A:

- **Retirement Benefit Counsellor – Infund Solutions:**
  Contact person: Ms. Keabetswe Riet
  Email: kea@infund.co.za
  Telephone: 012 880 5982

- **Infund Solutions** — can set up a free consultation with a financial advisor if you don't already have one

- **Independent Financial Advisors** — provide personalised financial advice

- **Alex Forbes – UNISARF Administrator** — for claims and forms
  Email: unisaret.admin@alexforbes.com
  Telephone: 011 269 1385

- **Office of the Principal Officer** – for Fund queries:

  Principal Officer Assistant – Ms. Lutho Dondashe
  Email: tdondals@unisa.ac.za
  Telephone: 012 433 9474

  Principal Officer – Ms. Lavinia Khangala
  Email: tkhangl@unisa.ac.za

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