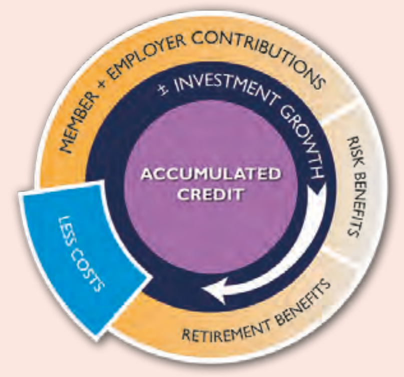
RETIREMENT and PROVIDENT FUND ISASA

PROVIDENT FUND BENEFITS 2023

Learning Planning Living

Independent Schools Association of Southern Africa

Benefits in respect of active members of **ISASA Provident Fund**

	Eligibility	Normal Retirement	Early Retirement	Late Retirement	Resignation/Retrenchment and Dismissal before Retirement age	Disability	Death in service
Event							
Qualifying Criteria	Full time permanent staff members within the eligible categories specified by the School qualify as members of the Fund.	The normal retirement age is between 55 and 70 as decided by the School.	Any age within 10 years of normal retirement as agreed by the employer.	Contributions remain payable to the Fund by both the member and the employer.	A withdrawal benefit becomes payable when you leave the service of your employer, either due to resignation, retrenchment or dismissal, before you reach normal retirement age. ***Inter-school transfer:*** Should you transfer to another School which participates in the ISASA Provident Fund, it is compulsory that the full value of your Accumulated Credit as at the date of transfer be transferred to your account at the new school. You will continue to enjoy unbroken membership in the Fund.	Benefits are subject to acceptance by the Insurer in terms of the policies held in the names of the employers outside the Fund. To qualify for a disability benefit you must be unable to perform your own or similar occupations. Medical evidence to support your claim must be submitted.	To qualify for this benefit the employer and the Fund must have been notified of your death.
Benefit Composition	You contribute a minimum of 5,0% of Pensionable Salary to the Fund and the employer pays a minimum of 4,0% plus the cost of insured death and disability benefits and administration costs. From 1 March 2021 provident funds must work like pension funds, i.e. at retirement only one-third can be taken as a cash lump sum and two-thirds must be used to buy a pension for life. ***To protect members' vested rights all members who joined the Fund before 1 March 2021 will have two "pots" of money in a Fund. A vested "pot" and a non-vested "pot".***	You receive your accumulated credit. Accumulated credit consists of the member and employer retirement contributions, excluding death, disability and administration costs plus investment returns. **If you joined the Fund before 1 March 2021 you will have two "pots" of retirement savings when you retire:** The **vested "pot",** which will be your accumulated retirement savings at 1 March 2021, plus the growth on this money until your retirement. You will have the right to take the full value of this "pot" as a lump sum cash benefit at retirement. The **non-vested "pot"**, which will consist of your contributions made to the provident fund and/or any other retirement fund **after** 1 March 2021, plus the growth on this amount until your retirement. You cannot take the full value of this "pot" as a lump sum cash benefit and need to use two-thirds of this money to buy an income for retirement (annuity) when you retire. Only one-third can be taken as a cash lump sum on retirement. **Members of the Fund who were 55 years and older on 1 March 2021:** If you stay in the ISASA Provident Fund until your retirement, you will be allowed to take your total accumulated retirement savings as a cash lump sum at retirement. **New Members that join the Fund after 1 March 2021:** If you joined the Fund after 1 March 2021 you will only have a non-vested "pot" of money in the Fund, unless you transferred a vested "pot" from a previous Fund.	You will receive your accumulated credit.	You will receive your accumulated credit.	If you leave the Fund, you will automatically become a Preserver member of the Fund after 120 days, unless you actively elect another option. This is the Fund's Default Preservation strategy that is in line with the Default Regulations. If you elect to take your benefit you will receive your accumulated credit.  Preserver members don't make contributions to the Fund and are not covered for death or disability benefits. You will remain invested in the same portfolio you were invested in when you were an active member, unless you make a new selection from the available portfolios in the Fund.	You will receive 87% (75% of pensionable salary paid to the member and 12% Employer Waiver paid into the Fund) subject to a maximum monthly benefit of R165 000, paid after a 3-month waiting period. ***Disability income benefit ceases at the earliest of:*** • normal retirement age • death of a member • date Insurer rules disability has ceased. The benefit may not exceed the member's total Guaranteed Package after the deduction of tax at the start of the waiting period.	Your dependants will receive a taxable lump sum multiple of your salary based on your age at date of death, as follows: Age 18-35 – 2.97 Age 36-40 – 2.52 Age 41-45 – 1.95 Age 46-50 – 2.06 Age 51-55 – 1.84 Age 56-60 – 1.63 Age 61-64 – 1.52 Age 65-69 – 1.74 **Plus** Refund of your accumulated credit.
Options	The schools select the exact contribution rate that may not be less than the minimum of 4%. You may make additional voluntary contributions to the Fund. Individuals are able to receive a tax deductible on employer and employee contributions to all retirement funds up to 27.5% of the greater of remuneration or taxable income. A maximum of R350 000 to all funds combined per year is tax dedcutible. Members may exceed this limit but will not receive tax relief on these amounts.	You may elect to take the accumulated credit in your vested "pot" in cash as a lump sum or a pension can be purchased through the Fund or a Registered Insurer of your choice. You must use two-thirds of the accumulated credit in your non-vested "pot" to buy an annuity for life (from an insurer or from the Fund, which is the default annuity). One-third of the non-vested "pot" can be taken as a cash lump sum. If the value of your non-vested "pot" is less than R247 500 you may take the entire benefit in cash. The Fund offers an annuity strategy. It is important to note that this is not an automatic default arrangement and members will have to make an active selection/choice to Opt-In to this strategy if they want to make use of the Fund's two pension options. The Fund offers both Life and Living Annuities and members will receive quotations for both when they are 5 years from retirement. Members will be given retirement benefits counselling at least 3 months prior to their normal retirement age.			***If you decide to take your withdrawal benefit (and not to become a Paid-Up/In Fund Preserver member) you have 4 payment options:*** • You may transfer the benefit to ***a retirement annuity (RA)*** • You may transfer to ***a provident preservation fund*** • You may transfer the benefit to ***your new employer's fund*** • You may take the ***benefit in cash and pay tax***	Income benefits may be reduced or suspended by the Insurer if a member is considered recovered or capable of earning an income. Income benefits will escalate by CPI (subject to maximum of 4%) per annum during disablement.	Although the Board will follow your wishes in terms of your nomination of beneficiary form as far as possible, the final decision of who will receive the death benefit rests with the Board who are required, in terms of the Pension Funds Act, to ensure that all dependants are considered. You need to make sure that the amount of cover for death and disability provided through the Fund is right for you and your family. If you feel it may not be adequate you may want to buy additional cover outside the Fund.
Call to action	The Pensionable Salary is that portion of your salary that is used to calculate your contributions to the Fund. One of the easiest ways to save more for your retirement is to make additional voluntary contributions to the Fund. Check your last Benefit Statement to see if you are on track for a comfortable retirement.	The Fund allows you to defer your retirement, i.e. leave your accumulated benefit and continue membership of the Fund after reaching normal retirement age and leaving your employer. You will not be allowed to make further contributions to the Fund upon reaching your retirement age. The death, disability and funeral benefits (if applicable) will cease. Your money will continue to be invested in the portfolio you have elected previously, but you may elect to change your portfolio. Deferred Retirees at normal retirement age have the option to also transfer to a Retirement Annuity or Preservation Fund of their choice. It is advisable that you obtain financial advice from an accredited financial adviser. ***To find a financial adviser you can go to the Financial Planning Institute*** at www.fpi.co.za Or ***contact the Bursar/HR*** for the contact details of the Old Mutual worksite adviser for your school.			**It will be wise to preserve your money until you retire.** A cash withdrawal may seem attractive at this stage, but will influence your retirement plans negatively in the future. Tax affairs must be up to date at all times as any benefit pay-out due from the Fund is subject to tax clearance from SARS.	In the event of an application for disability benefits being unsuccessful, you may opt for one of the withdrawal options above, provided that you have in fact left the service of your employer and qualify for the above-mentioned benefits. Whilst you are in receipt of a disability income benefit you will remain a full contributing member of the Fund, which means that you continue to be covered for death in service benefits and will continue to accrue pension benefits.	**You are reminded to update the nomination of beneficiary forms regularly** to prevent any unnecessary delays in the distribution of death benefits. Tax affairs must be up to date at all times as any lump sum benefit pay-out due from the Fund is subject to tax clearance from SARS. Payment of death benefits may take a long time. Make sure that your spouse will have access to funds during this period. Speak to an approved financial adviser to assist you with your financial planning.