RETIREMENT and PROVIDENT FUND ISASA

RETIREMENT FUND PART I
BENEFITS 2023

Learning Planning Living

Independent Schools Association of Southern Africa

Benefits in respect of active members of **ISASA Retirement Fund (PART I)** defined benefit

	Eligibility	Normal Retirement	Early Retirement	Late Retirement	Resignation/Retrenchment and Dismissal before Retirement age	Disability	Death in service	Death after Retirement
Event								
Qualifying Criteria	If you are a staff member and fall within the eligibility categories specified by the School you qualify to be a member. New members within 5 years of normal retirement age may not join the Fund.	Normal retirement means the age as selected by your school. The School determines the normal retirement age (as stated in the School's special rules).	With agreement from your employer you may retire early at any age within 10 years of your normal retirement age.	With consent from your employer you may retire after normal retirement age.	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.	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. 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 this benefit the employer and the Fund must have been notified of your death.	To qualify for this benefit the Fund must have been notified of the death.
Benefit Composition	You contribute a defined percentage, as determined by the special rules of your School, to the Fund on a monthly basis and your employer contributes the balance of cost as determined by the Actuary. Individuals are able to receive a tax deduction 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 deductible. Members may exceed this limit but will not receive tax relief on these amounts.	Your annual pension is equal to 2% of final average salary (FAS) for every year of pensionable service. ***Example:*** If you have 20 years service the calculation will be 2% x 20 x FAS FAS = either your salary over the last 1 or 2 years depending on what the School selected.	You will receive your pension as above, but it will be reduced by 0.25% per completed month in respect of the period between early and normal retirement. Should your employer make additional retirement contributions as determined by the Actuary then a lower or no reduction in pension will apply.	You will receive your pension as above, but is increased by 0.4% per completed month in respect of the period between normal and late retirement.	**A minimum benefit calculation** as determined by the ***Pension Funds Act*** will be done by the ***Actuary*** to ensure that ***you don't receive less than your full share of Fund.*** 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 Scheme's Default Preservation strategy that is in line with the Default Regulations. The split-funding is only available if you preserve outside the Fund. As an in-Fund Preserver member, you will also not be allowed to contribute monthly to the Fund and the insured benefits (death and disability) will fall away. **Inter-school transfers** Should you resign from your school and take a position at another school that participates in the ISASA Retirement Fund Part 1 or Part II you remain a member of the Fund and your fund credit will remain invested in the Fund and will not be paid out to you. If you transfer to a school that participates in the Provident Fund you are able to withdraw your Accumulated Fund Credit as these funds are different legal entities. If you resign and find employment at a school that does not belong to the ISASA Retirement Fund and/or Provident Fund, your Accumulated Fund Credit will be paid to you.	You will receive 87% (75% of pensionable salary paid to the member and 12% Employer Waiver paid into the Fund) of monthly pensionable salary subject to a maximum monthly benefit of R165 000, paid after a 3 month waiting period. **Disability benefit ceases at the earliest of:** • normal retirement age • death of a member • date insurer rules disability has ceased. Income benefits will escalate by CPI: (limited to 4%) per annum during disablement. 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 cash lump sum and a monthly pension. **A taxable lump sum multiple** of your salary based on your age at date of death, as follows: Age 18-35 – 3.66 Age 36-40 – 3.43 Age 41-45 – 3.29 Age 46-50 – 2.84 Age 51-55 – 2.72 Age 56-60 – 2.68 Age 61-64 – 2.44 Age 65-69 – 1.95 **Spouse's pension** 50% of the pension the member would have received at the normal retirement age based on annual pensionable salary at date of death. **Children's pension** 1/3 of spouses' pension for each child (maximum 3 children) until the child becomes of age.	***If you purchased a pension from the Fund:*** Your full pension continues for a minimum of 5 years from your date of retirement regardless of whether you pass away during this period. Thereafter your spouse (i.e. the spouse at date of retirement) receives 50% of the pension you were receiving or would have received had you not commuted any portion in cash. **Plus** A lump sum benefit of R2000. ***If you purchased a pension outside the Fund:*** The benefit will depend on the pension you purchased from the registered Insurer.
Options	Check with your Bursar regarding the special rules to see your exact contribution to the Fund. You may make additional voluntary contributions to the Fund.	You may elect to take up to 1/3rd of the total value of your pension as a cash lump sum. If you take a cash lump sum your monthly pension will reduce. A pension can either be purchased from the Fund or through a Registered Insurer of your choice. In terms of the law, the Fund also offers an annuity strategy. The Fund offers a Life and Living annuity option 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 pension preservation fund*** • You may transfer the benefit to ***your new employer's fund*** • You may take the ***benefit in cash and pay tax*** After reaching early retirement age (within 10 years from normal retirement), but before normal retirement age, you have the option to resign instead of taking early retirement and to transfer your accumulated credit to a preservation fund.	Whilst you are in receipt of a disability 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. Income benefits may be reduced or suspended by the Insurer if a member is considered recovered or capable of earning an income.	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. If no spouse's/children's pension is payable a refund of the member contributions with 8% p.a. compound interest is payable to beneficiaries.	
Bits and Tips	The Pensionable Salary is that portion of your salary that is used to calculate your contributions to the Fund.	Th 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 were invested in before you left your employer. Important to note that in terms of legislation Deferred Retirees at normal retirement age have the option to also transfer to a Retirement Annuity or Preservation Fund of their choice. Remember to consider your investment options as you approach retirement to ensure your investment portfolio is aligned to your choice of annuity (pension). 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 call ***Old Mutual's toll free number: 0860 388 873***			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.	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. 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.	