eJoburg RETIREMENT FUND
Registration No 12/8/36961/1

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RESIGNATION, RETRENCHMENT AND DISMISSAL BENEFITS

This counselling document sets out the benefit payable by the eJoburg Retirement Fund (the "Fund") on your resignation, retrenchment or dismissal. The document only provides information regarding these benefits and does not provide advice, as each member's personal circumstances are different and you should take advice from a properly qualified and registered financial advisor before making any benefit decisions.

Your benefit may be utilised in four ways, as set out in the following sections:

OPTIONS

OPTION 1
Transferred to the retirement fund of your new employer

OPTION 2
Transferred to a preservation fund or a retirement annuity fund

OPTION 3
Left paid-up in the Fund

OPTION 4
Paid in cash
(other than your Retirement Pot)

OPTION 1: TRANSFER TO THE RETIREMENT FUND OF YOUR NEW EMPLOYER

If you are leaving the employment of the City of Johannesburg or a Municipal Entity to take up employment elsewhere and your new employer has a retirement fund to which you can or must belong, you can transfer your benefit in the Fund to your new fund, although you may elect to receive part or all of your Savings Pot in cash (less any tax payable).

No fees or commissions are payable in respect of the amount transferred and the administrator of the Fund will process the transfer for you. No tax is payable in respect of the amount transferred and your benefit will be consolidated into the matching pots in your new fund. The administration fee in your new fund will not be higher because of the amount transferred in. This cost saving will help to maximise your eventual retirement benefit.

You will only be able to access your transferred benefit (other than your Savings Pot which may be taken as a Savings Pot withdrawal and your Retirement Pot which must be preserved to retirement) when you eventually leave your new retirement fund.

OPTION 2: TRANSFER TO A PRESERVATION FUND OR A RETIREMENT ANNUITY FUND

Instead of transferring your benefit to the retirement fund of your new employer, you may elect to transfer your benefit to a preservation fund or a retirement annuity fund of your choice, although you may elect to receive part or all of your Savings Pot in cash (less any tax payable). The administrator of the Fund will process the transfer for you.

Preservation funds and retirement annuity funds are both similar in that they are funds, often managed by commercial sponsors such as insurance companies, to which people may transfer their benefits when they leave a retirement fund.

The main differences between preservation funds and retirement annuity funds are:

- One partial or full withdrawal (less any tax payable) of your Vested Pots is allowed from a preservation fund prior to retirement whereas no amounts may be withdrawn from your Vested Pots in a retirement annuity fund prior to retirement.
- Ongoing contributions may be made to a retirement annuity fund, whereas no further contributions may be made to a preservation fund.

A commission, the amount of which may be negotiable, may be payable to your financial advisor on the transfer. An ongoing administration fee will be payable in respect of your benefit once it is in the preservation fund or retirement annuity fund that you have chosen. No tax is payable on the transfer.

Instead of transferring the full benefit, you may elect to take a portion of the benefit in cash (other than your Retirement Pot and less any tax payable on the amount taken in cash) and transfer the balance of the benefit. Note that such a cash payment will count as the one withdrawal allowed from a preservation fund.

If you select to transfer your benefit to either a preservation fund or a retirement annuity fund, you should check any specific conditions that apply to the arrangement you have selected.

OPTION 3: PAID-UP BENEFIT IN THE FUND

You may elect to leave your benefit paid-up in the Fund or, if you do not make an election in terms of any of the options set out in this counselling document, you will be automatically defaulted to be a paid-up member. You may, however, also elect to receive part or all of your Savings Pot in cash (less any tax payable) as part of the paid-up election.

No commissions or initial fees are payable if you become a paid-up member but an ongoing administration fee of R74.00 per month will be deducted from your benefit. The amount of the fee will be reviewed annually at the same time as the administration fee in respect of contributing members is reviewed. For small paid-up benefit amounts, the fee may be more than the investment return added to the paid-up benefit each month, and such paid-up amounts will therefore reduce over time, possibly to a nil value.

Your paid-up benefit will be invested on the same basis as for contributing members, i.e. in terms of one of the Fund's life stage investment models or remain in the investment portfolio you have selected in terms of the member investment choice offered by the Fund, and the investment return applied to your benefit will be net of the investment fees charged to the Fund. You will continue to have access to the Fund's member website for tracking your Fund benefits and you will continue to be able to exercise individual member choice from the investment portfolios available to all members.

Your paid-up benefit will be paid out as follows:

- You may elect to take withdrawals from your Savings Pot, subject to any conditions that apply to such withdrawals.
- Until you reach age 63, you may elect to receive or transfer your full benefit in terms of any of the other options in this counselling document. Particularly, if you join another retirement fund at any time in the future, that fund is required to ask you if you would like to consolidate all your previous paid-up amounts into that fund. If you elect to receive part of your Vested Pots, the balance of your benefit must be transferred.
- If you do not elect to receive or transfer your paid-up benefit before age 63, you may only take it as a retirement benefit after that age. As a retirement benefit, your Savings Pot, your Vested Lump Sum Pot and up to one-third of your Vested Annuity Pot may be taken in cash (see the separate counselling document on Retirement Benefits) and the balance of your retirement benefit must be used to purchase an annuity.
- On your death, your paid-up benefit will be paid out in accordance with the requirements of legislation applicable at the time of your death. Currently, the requirements are that the Trustees of the Fund must allocate your benefit as they deem appropriate between your various dependants having regard to your nomination of beneficiaries form.

OPTION 4: PAYMENT IN CASH

You may elect to receive your benefit, other than your Retirement Pot, in cash. Your Savings Pot will be taxed as income and your Vested Pots will be taxed in terms of the appropriate tax scales and you will only receive the net benefit. The current tax tables are as follows:

RESIGNATION OR DISMISSAL	
Benefit value	**Tax payable**
R0 to R27 500	None
R27 501 to R726 000	18% of the amount above R27 500
R726 001 to R1 089 000	R125 730 plus 27% of the amount above R726 000
R1 089 001 and above	R223 740 plus 36% of the amount above R1 089 000

RETIREMENT, RETRENCHMENT OR DEATH	
Benefit value	**Tax payable**
R0 to R550 000	None
R550 001 to R770 000	18% of the amount above R550 000
R770 001 to R1 155 000	R39 600 plus 27% of the amount above R770 000
R1 155 001 and above	R143 550 plus 36% of the amount above R1 155 000

Should you have already received a retrenchment benefit or taken benefits in cash from a previous retirement fund, these amounts will be taken into account in determining the tax payable on the portion of your Fund benefit paid in cash.

Your Retirement Pot, and any portion of your Savings Pot and your Vested Pots not taken in cash, must be transferred to the retirement fund of your new employer or to a preservation fund or to a retirement annuity fund.

TREATMENT OF YOUR BENEFIT ON EXIT

If you elect to become a paid-up member, or if you do not make an election and therefore default to become a paid-up member, your benefit will remain invested in the applicable life stage portfolio or investment portfolios you have selected in terms of the member investment choice offered by the Fund.

If you elect to receive or transfer your benefit, it will be disinvested from the appropriate investment portfolio on the later of your date of exit and the date your election is received by the Fund, once the final contributions due for you have been processed and subject to a further administration period to actually effect the disinvestment, obtain the necessary tax directive and process the payment to you or transfer to the new fund selected by you.

ISSUES TO CONSIDER IN MAKING YOUR BENEFIT DECISION

You should consider various issues in making your benefit decision, where the relevance and importance of each issue will depend on your personal circumstances. These issues include, but are not limited to, the following:

- **Preservation for retirement**: Preserving your benefit will ensure you have a higher eventual retirement benefit. Taking part or all of your benefit in cash may mean you will not have sufficient savings at retirement.
- **Consolidation**: Consolidating all your retirement benefits in a single vehicle may make retirement planning easier and facilitate the purchase of an annuity on your eventual retirement.
- **Tax**: Income tax and/or withdrawal benefit tax, as appropriate, is payable if you take the permissible portions of your benefit in cash, whereas no tax is payable if you preserve your full benefit. The allowable tax-free benefit on retirement is currently much higher than the tax-free benefit on withdrawal, i.e. there is a material tax saving if benefits are taken as retirement benefits (see the table in Option 4 above).
- **Commissions**: Any commissions payable will reduce your eventual retirement benefit. It may be possible to negotiate lower commissions.

- **Fees**: Consolidating your benefit will ensure you do not pay two sets of ongoing administration fees.
- **Access to benefits**: Any need to access your benefit prior to retirement may influence your benefit decision.
- **Financial advice**: Although you are recommended to take financial advice before making your benefit decision, and such financial advice should always be provided in your best interests, it must be remembered that under these circumstances a financial advisor will only receive a commission if you select to transfer your benefit to a preservation fund or a retirement annuity fund.

SUMMARY OF THE ABOVE ISSUES

	Transfer to new retirement fund	Transfer to preservation fund	Transfer to retirement annuity	Paid-up in the Fund	Cash
Preservation	Yes	Yes	Yes	Yes	No
Consolidation	Yes	No [1]	No [1]	No	No
Benefit taxed	No	No	No	No	Yes
Commission	No	Yes [2]	Yes [2]	No	No
Duplicate fees	No	Yes [3]	Yes [3]	Yes [3]	No
Accessible prior to retirement	No	Yes	No	Yes	Yes

Notes:

1. *Your benefits won't be consolidated with the benefits in your new retirement fund, but it may be possible to consolidate your benefits on leaving various previous retirement funds into a single preservation fund or retirement annuity fund.*
2. *You may be able to negotiate a lower, or nil, commission with your financial advisor. Alternatively, you may be able to source a "nil commission" product without consulting a financial advisor.*
3. *This assumes you will make ongoing contributions to another retirement arrangement and thus pay two sets of administration fees.*

INVESTMENT STRATEGY FOR YOUR PAID-UP BENEFITS IN THE FUND

If you intend to elect or default to be a paid-up member of the Fund, you may still make investment decisions during the period of paid-up membership. Your investment decisions should integrate with how and when you expect to take your paid-up benefit from the Fund.

The Fund offers three different investment strategies (see the investment counselling document entitled "Investment Strategy and Member Options" for more detail), as follows:

- **Lifestage Stream A** (which is the default if you do not elect one of the other strategies): Targets an investment strategy generally suitable for the purchase of a life annuity at the normal retirement age.
- **Lifestage Stream B**: Targets an investment strategy generally suitable for the purchase of a living annuity at the normal retirement age.
- **Member Investment Choice**: You may select where your Fund Credit is invested in the various investment portfolios offered by the Fund.

MEMBERS CANNOT WITHDRAW BENEFITS WITHOUT LEAVING EMPLOYMENT

In terms of the Income Tax Act members cannot access a portion of their retirement benefits in the Fund, other than their Savings Pot (see the Two Pot Counselling Document), without leaving employment.