



Natal Joint Municipal Pension KwaZulu-Natal Joint Municipal Provident Funds

"Your Fund, Your Savings, Your Future"



"KEEPING YOU INFORMED"

NEWSLETTER MARCH 2016

MESSAGE FROM THE CEO/PRINCIPAL OFFICER

I have pleasure in presenting the first Natal Joint Municipal Pension Fund (NJMPF) update newsletter for 2016. We believe this year holds many new opportunities and challenges for the Fund. Below are key updates of Fund activities.

1. Fund wins International Awards

The Fund was recently announced the winner of two Capital Finance International (CFI) awards for Best Retirement Services RSA and Best Corporate Governance Pension Funds RSA 2016. London based CFI through its leading economic journalists provides news, analysis and commentary on the markets worldwide via its magazine publications and website. Contributors include the World Bank, International Monetary Fund, Organisation for Economic Co-operation and Development and the United Nations. Each year, CFI seeks out individuals and organisations that contribute significantly to the convergence of economies and meaningful value add for all stakeholders. The Awards Programme aims to reward excellence wherever it may be found to inspire others to further improve their own performance. This is the first time a South African retirement fund has won in these two categories and we believe it is an exceptional achievement for South Africa, KwaZulu-Natal and Durban.



Sam Camilleri (CEO/ Principal)

2. Annual General Meeting

The Fund held a very successful Annual General Meeting despite the change of venue from the Sinodale Centre in Pietermaritzburg to the City Hill Church venue in Hillcrest. The attendance was the best in recent years and we extend our appreciation to all those who made the effort to attend.

3. New Interactive Website

The Fund will be launching the new interactive website on 1 April 2016. The website will enable members to have direct access to their membership profile and many other relevant features. The Website is covered in more detail on the attached factsheet.

4. Standard Bank Housing Loans

The Fund is pleased to inform members that it has concluded an agreement with Standard Bank to allow active members to apply for a Pension Backed Housing Loan. Members will now have a choice between Ithala Bank, First National Bank and Standard Bank when applying for pension-backed housing loans.

5. Rationalisation of the Superannuation and Retirement Funds

For a number of years, the Fund has been working with the Department of Cooperative Governance and Traditional Affairs to rationalise the rules and regulations of the Superannuation and Retirement Funds. The Fund is pleased to announce that the rules amendment bills were approved by cabinet in November 2015 and have been published for public comment. A letter, drafted by the Fund's legal adviser, has been distributed to members, pensioners, municipal managers and the South African Local Government Association informing them about the Rationalisation bill update of laws and the final date for public comment which is 31 March 2016. For copies of the bills please visit our website on www.njmpf.co.za or contact our Client Services section.

6. NJMPF Funeral Aid Scheme

Members of the Fund who are employees of consenting Municipalities, who have not yet joined the NJMPF Funeral Aid Scheme have an opportunity to do so. For details, please talk to your Human Resource officer. Since inception, the Scheme has paid over R3 million in death claims, all claims are paid within 48 hours and no valid claim has been declined.

Should you have any questions or need assistance on the above updates; please contact our Client Services section on 031 279 5300 or e-mail to info@njmpf.co.za.

SPECIAL POINTS OF INTEREST:

- Message from the CEO/ Principal Officer
- Retirement Reforms
- New Interactive Website
- Know your Fund Rules & Regulations
- Financial Literacy

Important announcement

Retirement Reforms and Taxation Law Amendment Act

“Tax continues and Annuitisation Postponed until 2018..”

The year commenced on a busy note for the retirement funding industry due to the recent developments with the retirement reforms and the announcement of the implementation and then postponement (of parts) of the Taxation Law Amendment Act commencing 01 March 2016.

The following amendments will continue as scheduled from 01 March 2016.

The tax deduction for contributions to all retirement funds (including provident funds) will increase to 27.50% of total remuneration, up to a cap of R 350 000 per year, from 01 March 2016.

The minimum threshold required for annuitisation for pension and retirement annuity funds will increase to R 247 500.

What has been postponed?

The annuitisation requirement for provident funds has been postponed for two years, until 01 March 2018. This means provident fund members will not be required to take 1/3rd as a lump sum and use 2/3rds to purchase an annuity upon retirement.

Members of pension or provident funds must note that they will still be able to cash all their savings upon resignation. There is no need to panic! Kindly be assured that the Committee of Management (Trustees) and the Management at the Fund will continue to do everything possible to ensure that the Funds maintain “world’s best practices” in their administration and compliance procedures, and keep members informed and educated about the changes in the Fund and in the retirement industry.

For more details please refer to the recent NJMPF circular which was sent to all municipalities, or visit our website or contact the Fund.

Know your Fund Rules



Transfer of NJMPF benefits to other Financial Institutions

Members have the option to transfer their resignation benefit, or lump sum on retirement to other financial institutions. This could be to purchase annuities or invest in preservation funds. Provident Fund members receive a lump sum on retirement; members may also consider the purchase of a Fund endorsed annuity with Sanlam.

Please note that the following documents will be required by the Fund from the financial institution along with the claim forms:

- South African Revenue Service (SARS) approval number of the financial institution.
- Financial Services Board (FSB) reference number.
- Banking details.
- A letter on the institution’s letterhead signed by both the member and the financial advisor.
- A copy of the application form signed by both the member and the financial advisor.

Financial Literacy

What is Tax?

Tax is money that people pay to the government to run the country. Tax payers’ money is needed to provide social services such as transport, education, international and national security, healthcare and welfare. People who don’t earn any money or whose salaries are below a specified threshold do not have to pay taxes.

In South Africa we pay income tax to the South African Revenue Service (SARS), which is responsible for collecting taxpayers’ money on behalf of the government. It is a criminal offence not to pay income tax if it is due and can lead to heavy fines or imprisonment. SARS calculates the tax on your total income over a tax year. A tax year or year of assessment runs from 1 March to the end of February the following year, even if you were employed after March.

