



# NJMPF

## Fund Insight

### Your news update

## Understanding Default regulations

The introduction of Retirement Benefit Counselling ensures that our members have the necessary information that will assist them in making informed financial decisions.

### What is the aim of NJMPF's Retirement Benefit Counselling service?

The aim is to enable members to make informed decisions at critical stages of their working lives through accessible and easy-to-understand financial information regarding their benefits. Members have access to Retirement Benefit Counselling through our interactive website [www.njmpf.co.za](http://www.njmpf.co.za) in both English and in isiZulu, mobile app and our Client Services section on (031) 279 5300 or [info@njmpf.co.za](mailto:info@njmpf.co.za).

### What are NJMPF Paid Up Members?

When a member is dismissed, retrenched or resigns, they automatically become Paid Up members, up until they give the Fund instructions to cash out or transfer their benefit. Paid up members remain within the Fund and earn returns on their benefits.

### Why become a NJMPF Paid Up Members?

In a case of retrenchment, resignation or dismissal – the Fund understands the temptation members may have of taking their retirement savings as a lump sum and spending it, instead of preserving it for a later date when they retire. Before deciding, it is important to consider all your options.

### What are the options available to me upon exiting the fund?

#### Option 1 - Cash Withdrawal

A member may opt to have their benefit paid in cash which will be paid to their bank account. (Once a tax directive has been received from SARS and is processed.)

#### Alternatively

- ⇒ Purchase a preservation product from a provider of your choice.
- ⇒ Purchase an annuity from a provider of your choice.

### What is an Annuity?

In this context, an annuity is created when you retire. NJMPF provides you with an opportunity to use your lump sum benefit to buy an annuity which provides you with a pension payable monthly (or at other intervals) during your retirement years.

The Fund offers an in-fund living annuity which features very low administration and investment fees.

### Provident Fund Members

A provident fund is the same as a pension fund, but prior to 1 March 2021, it differed in that when you resigned or retired, you could take the entire sum as cash, which you'd be taxed on. You wouldn't need to purchase an annuity. With the retirement reforms introduced from 1 March 2021, provident funds are now more similar to pension funds, and the following now applies:

- ⇒ Fund members are required to take a third of the benefit as a lump sum.
- ⇒ They must use the remaining two thirds to buy a pension that provides a monthly income.

### Note for members of the Superannuation and Retirement Funds

As these Funds are Defined Benefit Funds, you automatically become an NJMPF Pensioner and are paid a monthly pension for life when you retire.

NJMPF members are advised that this information does not constitute financial or tax advice. We strongly recommend that you seek the advice of a certified financial planner to assist you in this process.

