



**COLUMBUS
RETIREMENT
FUND**

UNDERSTANDING YOUR RETIREMENT OPTIONS



GETTING STARTED

Retirement marks the start of an exciting new stage of life, rather than the end of a journey. After years of saving and building up your retirement benefit, the time has come to use those savings to provide you with an income during your retirement years.

The choices you make when you retire can have a lasting impact on your financial future. They will influence the amount of income you receive, how that income is managed, and how long your retirement savings may last.

This brochure is designed to help you understand the retirement options available to you and provide guidance as you make these important financial decisions, so that you can approach retirement with greater confidence and peace of mind.

Disclaimer

The information provided is for general guidance and does not constitute financial advice. Figures shown are based on the latest information available at the time of publication. Where there is any conflict or change, the Fund Rules and applicable legislation will prevail.

WHEN CAN YOU RETIRE FROM THE FUND?

Your retirement date affects how long you save, how long your money must last and the income you can receive in retirement.

EARLY RETIREMENT

Retire early from the age of 55 with the written consent of the employer.

NORMAL RETIREMENT

Normal Retirement age is 65.

LATE RETIREMENT

Continue to work after age 65 with the written consent of the employer. You and your employer will continue to contribute to the Fund, but all risk benefits (insured death and disability benefits) will cease.

DEFERRED RETIREMENT

Delay taking retirement benefits from the Fund upon retiring from active service. Your Fund Credit will remain invested in the investment portfolio of your choice and earn returns but the applicable operational fees will be deducted from your Fund Credit. You will not qualify for any risk benefits.

If you die, your Fund Credit will be distributed in terms of Section 37C of the Pension Funds Act, 1956.



BEFORE YOU MAKE ANY DECISIONS

+ Your benefit statement

You will need to review the amounts allocated to each component to consider the options available to you. Each component has specific rules that determine how you may access or use your benefit when you retire.

+ Your updated contact details and supporting documents

Make sure your personal information is up to date and that you have any required supporting documents available. This can help avoid unnecessary delays with your retirement benefit payment.

+ Retirement quotes

Members who are within 24 months of retirement will annually receive a detailed letter plus an obligation free quote from the Retirement Benefit Counsellor for the Fund's Trustee guided With-Profit Annuity.

In addition to the quote, a cost sheet comparing the costs between the Trustee guided With-Profit Annuity and the Fund's In-Fund Living Annuity option will be provided.

You are under no obligation to choose either of these options.

You may also obtain quotes from external annuity providers and are encouraged to compare the potential pension income, fees and other features before making your retirement decision.



WHERE CAN YOU FIND YOUR **BENEFIT STATEMENT**



<https://www.ensimini.com/login>

1. Select "LOG-IN Retirement Funds".

2. You will be prompted to enter a username and password.

3. If you are first time user, your ID number will be your username and password.

If you do not have internet access, contact the Fund on yourfund@columbus for a copy of your statement or visit Office 4, Block D for assistance.

www.col-ret.co.za



OPTIONS WHEN YOU RETIRE

1. CASH LUMP SUMS AND TAX

You are allowed to take certain amounts in cash when you retire. Your Fund Credit consists of various components. The following rules apply to each of these components at retirement:

Component		Must Annuitise	May be taken cash
Vested Component	Vested Benefits	None	Up to 100% of Vested Benefits
	Non-vested Benefits	At least 2/3rds of the Non-vested Benefits	Up to 1/3rd of Non-vested Benefits
Savings Component		None	Up to 100% of balance in Savings Component
Retirement Component		Full balance in the Retirement Component	None

1.1 Vested component explained

- + Vested benefits represent your contributions made to a provident fund before 1 March 2021 plus investment returns.
- + Non-vested benefits represent your contributions made to a pension fund before 1 September 2024 as well as contributions made to a provident fund from 1 March 2021 to 31 August 2024 plus investment returns.

1.2 Retirement Component explained

- + At retirement, the total value of your retirement component and non-vested benefit must be used to purchase an annuity. However, if the combined value does not exceed the de minimis amount of R360,000, you may choose to take the full amount as a cash lump sum instead.

1.3 Choosing to take a lump sum has tax implications

- + At retirement, any cash taken will be taxed in accordance with the SARS retirement fund lump sum tax table. In addition, any tax owed to SARS might be deducted from the cash requested.

REMEMBER: Any amount taken as cash and spent at retirement will decrease how much you can invest in an annuity and therefore how much income you will receive as an income from your annuity.

The Retirement Fund lump sum tax table is as follows:

Lump sum taken	Rate of tax
R0 – R550 000	0% of taxable income
R550 001 – R770 000	18% of taxable income above R550 000
R770 001 – R1 155 000	R39 600 + 27% of taxable income above R770 000
R1 155 001 and above	R143 550 + 36% of taxable income above R 1 155 001

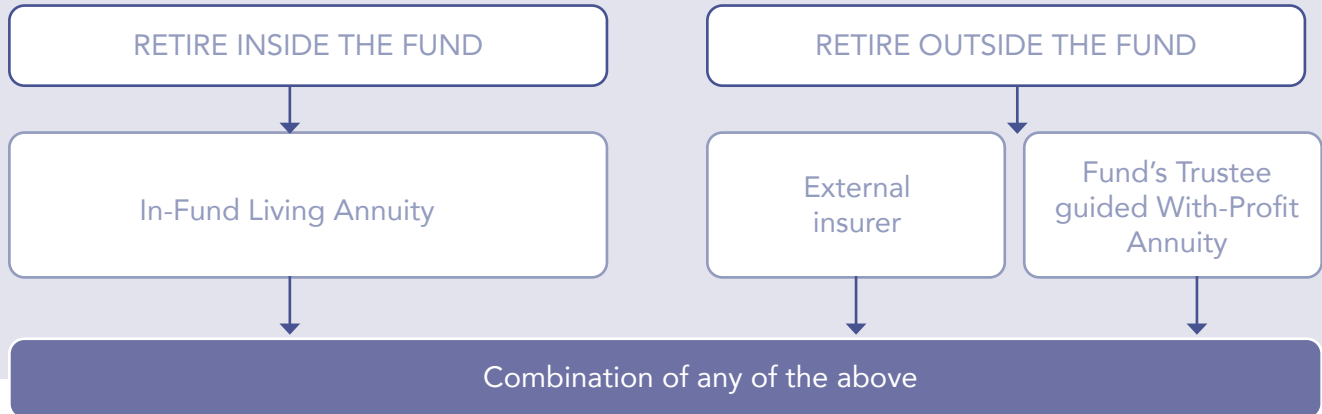
It is important to note that the R550 000 tax exemption on lump sums on retirement applies to you as an individual and not to every retirement benefit that you claim from different funds (if you have additional savings in other retirement funds). For example, if you also have savings in a preservation fund and/or retirement annuity fund, you do not enjoy tax exemption for the first R550 000 lump sum that you take from each fund.



2. ANNUITY OPTIONS AT RETIREMENT

You will need to invest the compulsory portions of your Fund Credit in an annuity, which will pay you an income in retirement.

You can choose to invest in one or more annuities as appropriate to your personal preference.



3. TYPES OF ANNUITIES

Annuities can broadly be grouped into two categories:

	LIVING ANNUITY	LIFE ANNUITY (GUARANTEED ANNUITY)
Income	Flexible; member may select the amount to be drawn as an income from his/her invested capital within permitted limits between 2.5% and 17.5%.	Guaranteed income for life that can never reduce.
Investment risk	Member carries the investment risk.	Insurer carries the investment risk.
Longevity risk	Member bears the risk of outliving capital.	Pension is paid for as long as the pensioner lives. Life income protects against longevity.
Income changes	Member can adjust drawdown rate once per annum.	Annual pension increases depending on the type of life annuity.
Capital / death	Remaining capital passes to nominated beneficiaries.	Inheritance benefits must be agreed with insurer upfront. Options include minimum pension payment periods, spouse's pensions, and capital retention plans.
	High investment and income flexibility.	No ongoing investment decision-making.
Control	Ability to purchase life annuity with the balance in the living annuity at a later stage. Ability to transfer to another living annuity provider in retirement.	Contract does not have a termination clause, i.e. it is contract for life. Member cannot convert the annuity to another annuity at a later stage.
Key trade-off	Flexibility vs risk of capital depletion.	Certainty vs less flexibility.



4. TRUSTEE-GUIDED OPTION: MOMENTUM GOLDEN INCOME WITH-PROFIT ANNUITY

The Fund's trustee-guided annuity option is the Momentum Golden Income With-Profit Annuity, purchased outside of the Fund in the retiree's own name.

A minimum purchase amount of R100 000.00 is required to opt for this pension.

The Momentum Golden Income With-Profit Annuity is a life annuity, which the Board of Trustees elected as a suitable annuity option for retiring members for the following reasons:

- + It is payable for life.
- + It can provide members with a higher starting income relative to available alternatives.
- + Your pension is guaranteed and will never decrease. Future pension increases are expected to be close to inflation over time. While increases cannot be guaranteed in any specific year, they are based on the performance of a reference portfolio designed to support increases in line with inflation. Once an increase is granted, your increased pension becomes the new guaranteed pension amount, which means your pension will not subsequently decrease.
- + A retiree requires no investment expertise in managing their pension as Momentum provides the pension and the reference portfolio that generates pension increases is managed by professional asset managers.
- + The pension has a low cost structure.

The product provides for the pension to continue to your spouse or other "second life" after your death. Upon your death, and when you are outlived by your spouse or "second life," a proportion of your pension as elected by you (from 0% to 100%) will be paid to your spouse provided your spouse was registered as your spouse at the date of your retirement.

Electing a spouse's pension, and the proportion of your pension that will continue to be paid to your spouse after your death, will affect the amount of your starting pension. The higher the proportion selected, the lower your starting pension will be.

The retiree can also select a "guaranteed period" which refers to the minimum period immediately following their retirement during which 100% of the pension will continue to be paid, should you pass away during this period. For example, if you choose a guaranteed period of 5 years and pass away 2 years after buying the annuity, your beneficiaries will receive your full monthly annuity for the 3 years that follow. Should they pass away before the end of the elected guaranteed term and you have no spouse or nominated beneficiaries, the value of the annuities for the full remaining period will be paid to your estate.

The guaranteed period you select will affect your starting pension. The longer the guaranteed period, the lower your starting pension will be.



5. IN-FUND LIVING ANNUITY

To qualify for the in-fund living annuity, you must have an investment amount of at least R500 000.00 after taking any portion in cash.

5.1 Investment option

An in-fund living annuitant must exercise an investment choice from the Fund's Trustee approved investment portfolios. You can choose any or a combination of the investment portfolios available to the members of the Fund, excluding the Life Stage Option. Your selection must amount to 100%.

CRF Balanced Plus portfolio

CRF Balanced portfolio

CRF Stable portfolio

CRF Money Market portfolio

CRF Shariah portfolio

An annuitant will remain invested in the portfolio/s of their choice until a new option form is forwarded to the administrator for implementation.

It is your responsibility as an annuitant to liaise directly with the appointed administrator when you wish to make an investment portfolio switch. You are encouraged to obtain written confirmation from the administrator that your switch has been successfully implemented.



5.2 How does the In-fund living annuity drawdown rate work?

The Income Tax Act specifies a minimum "drawdown" of 2.5% per annum and a maximum of 17.5% per annum of your Living Annuity Account balance.

It should be noted that your Living Annuity Account can be depleted and leave you with a very low pension income at an advanced age. This can typically happen if:

- + The investment return you earn on your account balance is lower than anticipated.
- + The monthly drawdowns you make from your account are too high. The higher your monthly drawdown payment, the higher the risk that the capital in your Living Annuity Account will be depleted long before you pass away. The Fund recommends the following draw down rates that will reduce the probability of members' retirement capital being depleted in their Living Annuity Account.

Age	Male	Female
55	4.5%	4%
60	5%	4.5%
65	5.5%	5%
70	5.5%	5%
75	6%	5.5%
80	7%	6%
85	8%	7%

These percentages are not statutory prescribed rates and do not constitute a guarantee that the member's retirement capital will last for life. It is there to guide members and does not replace personalised financial advice.

You may elect an income level different from the recommended guideline, provided that the selected rate falls within the permitted IFLA drawdown range and the applicable Fund and legislative requirements.

- + You (and your spouse) live much longer than expected.

Important:

An In-fund living annuity member should inform the Fund annually at least one (1) month before their annuity anniversary date, should they wish to amend their 'drawdown' percentage. Otherwise, it will be maintained at its existing level (subject to the maximum and minimum levels specified above) until the next annuity anniversary date. The annuitant and the Fund must complete the review before the next anniversary.

Where a member's chosen drawdown rate places their retirement capital at risk of being depleted prematurely, the Board may take appropriate steps, in accordance with the Fund's rules and applicable legislation, to protect the sustainability of the member's income.

5.3 What happens if an In-Fund Living annuitant dies?

After you have passed away, your surviving spouse will take over your account and continue to "draw-down" on the account as per their choice, provided you have nominated your spouse to continue to receive this living annuity. If there is no nominated spouse or if the living annuitant fails to nominate one, the benefit will be allocated in terms of Section 37C of the Pension Funds Act. This means that the Board of Trustees will allocate the money to all your financial and legal dependants at their discretion.

After your nominated spouse has passed away and if there is still a positive balance in your Living Annuity Account, such balance will be paid according to the provisions of section 37C of the Pension Funds Act.

It is important to review and update your Nomination of Beneficiary Form annually to ensure that your beneficiary nomination remains up to date.



6. HOW DOES TAX WORK ON YOUR ANNUITY INCOME?

Annuity income from any source is taxed and the annuity provider will deduct PAYE from your annuity, similar to your employer deducting PAYE from your salary according to the relevant SARS PAYE tax scales.

You may however:

- 6.1 Supply the administrator of your monthly annuity payment with a tax directive from SARS if a different rate must be deducted. Please note that you will be required to apply for and provide a new directive for each tax year running from March to February annually. Should you fail to do so, the normal tax table will be applied to any annuity income payment going forward.

OR

- 6.2 Elect a particular annual tax amount or rate, so long as this value is higher than the tax values prescribed by the prevailing tax tables. It is important to note that if you do this, this value will remain in place until such a time that you instruct the administrator of your annuity payment differently or if the value you have elected falls below the prescribed tax table limits at which point the tax deducted from your annuity income will default to the tax tables.

7. COSTS ASSOCIATED WITH THE OPTIONS

Kindly refer Annexure A for a comparison.

8. WHICH OPTION MAY SUIT YOU?

There is no single best option. The right choice depends on your personal circumstances. Use the following as a discussion guide with your Financial Advisor:

IF YOU PRIORITISE	YOU MAY WANT TO EXPLORE
A guaranteed income for life	Guaranteed Annuity / Life Annuity
Flexibility over your income	Living Annuity
Investment flexibility	Living Annuity
Protection against outliving your retirement capital	Guaranteed Annuity / Life Annuity
Leaving remaining capital to beneficiaries	Compare the Living Annuity with the death-benefit choices available under the life annuity
A mix of certainty and flexibility	A combination of a life and living annuity



9. WHAT ELSE SHOULD YOU CONSIDER?

Your retirement is about more than the size of your Fund Credit.

Inflation	Will your retirement income keep up with living costs?
Longevity	You could live for 20, 30 or more years after retirement. Longevity is the risk of running out of income at an advanced age.
Investment risk	Could poor market performance reduce your income or capital?
Health	Your health and expected longevity may influence the decision on the most suitable annuity to buy at retirement.
Family	Do you need income or protection for a spouse or dependent after your death?
Debt	Would settling your debt improve your income requirement in retirement?
Other income	Consider investments, rental income, part-time work, and other assets to enhance your retirement income.
Fees	Compare the costs of the available annuities and their respective investment options.

10. WHEN WILL YOU RECEIVE YOUR CASH BENEFIT (IF APPLICABLE)?

The administrator takes approximately 6 to 8 weeks to finalise a claim, depending on your payment choice.



11. WHEN WILL YOU RECEIVE YOUR FIRST ANNUITY PAYMENT?

It is important to plan financially for the month-end following your retirement date, as your first annuity payment may be delayed while the required SARS Recognition of Transfer (ROT) process is completed.

This is particularly important if you choose to transfer your Fund Credit to an external annuity provider, as the transfer and tax processes may take additional time before your annuity payments can commence.

Make sure you have sufficient funds available to cover your living expenses during this possible payment delay.



DISCLAIMER

The information provided in this brochure is intended for general information and educational purposes only. It is not intended to constitute financial advice or a personal recommendation.

The Board of Trustees, Principal Officer and Benefit Counsellor do not provide financial advice or recommend that you select any particular retirement option. Your retirement and annuity decisions are personal decisions, and you should consider your individual financial circumstances, needs and objectives before making a decision.

Where appropriate, you are encouraged to obtain independent financial advice from a suitably qualified and authorised financial adviser before making your retirement or annuity decision.



The Fund's Benefit Counsellor will contact you to explain the options and tax implications described in this guide. Alternatively, you can contact Efficient Corporate Solutions by email to CRFCounselling@efcorporate.co.za with your request.





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CONTACT US:

e: yourfund@columbus.co.za

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