

RETIREMENT FUND NEWS

Transfer from the TFG
Retirement Fund (12/8/10150)
to the Metropolitan
Rainmaker Provident Fund



As a result of legislation which was promulgated in Lesotho, specific members of the TFG Retirement Fund will transfer to a local Lesotho Fund, the Metropolitan Rainmaker Provident Fund, a defined contribution umbrella fund in which the employer will commence its participation on 1 November 2020.

On 1 November 2020, your retirement fund benefit will be transferred from the TFG Retirement Fund – a pension fund – to the transferee fund referred to as the ‘Metropolitan Rainmaker Provident Fund’ in this rest of this document).

It is important that you understand that the benefits that you will receive from the Metropolitan Rainmaker Provident Fund will be different to those you enjoyed in the TFG Retirement Fund.

This newsletter will provide you with some information on the transfer process and compares the benefits of the two funds.

ABOUT THE FUNDS

The TFG Retirement Fund is a **defined contribution pension fund** and the Metropolitan Rainmaker Provident Fund is a **defined contribution provident fund**.

What is a defined contribution fund?

The rules of a **defined contribution** fund set out that a certain contribution will be paid to the fund each month, but not what the

final benefit amount will be when you retire. When you retire from a defined contribution fund, your retirement benefit is equal to your **fund credit**, which is made up of the net monthly contributions paid into the fund for retirement savings, plus any amounts transferred in from another fund, plus the investment returns on these amounts.

In a **defined contribution** fund, the member carries the full investment risk during the build-up of their **fund credit**. Your fund credit in the Metropolitan Rainmaker Provident Fund will include the value of your fund credit that will be transferred tax-free on your behalf from the TFG Retirement Fund.

SUMMARY OF BENEFITS

Refer to the tabular comparison at the end of this letter for a comparison of the benefits of your old and new retirement funds.

HOUSING LOANS

None of the members involved in this transfer have housing loans.

THE TRANSFER PROCESS

The TFG Retirement Fund has to go through a legal process in order to move your fund credit to the Metropolitan Rainmaker Provident Fund. This process is set out in Section 14 of the Pension Funds Act. This process, once approved by the Financial Services Conduct Authority (FSCA), legally allows for the transfer of assets from the TFG Retirement Fund to the Metropolitan Rainmaker Provident Fund. During the transition period, before receiving FSCA approval, you will be a member of both funds, although contributions from 1 November 2020 will be paid to the Metropolitan Rainmaker Provident Fund.

Your fund credit in the TFG Retirement Fund will remain invested in the current investment portfolio/s in the transferor fund until the Section 14 transfer has been approved, at which time your benefit will be transferred to the Metropolitan Rainmaker Provident Fund. This process can take a very long time but is structured to protect you and your assets. If you leave the employer before approval is granted, you will receive a benefit from both funds.

It is important to remember that until the Section 14 transfer process has been completed, your fund credit in the transferor fund will **not** reflect on the documentation you will receive from the Metropolitan Rainmaker Provident Fund.

SURPLUS

The TFG Retirement Fund does not have a surplus as described in the *Pension Fund Second Amendment Act 2001*.

COMMUNICATION

You should receive a statement from the Metropolitan Rainmaker Provident Fund at least once a year.

QUERIES

Should you have any queries regarding your new **retirement fund**, please refer them to Simon Bak at simon@riskmanagers.co.ls. Alternatively, you can contact the Fuse at fuse@tfg.co.za or call 021 937 4742 or via WhatsApp on 079 192 5376 | Operating hours: Monday to Friday 07:00 - 19:00 and Saturday 08:00 - 12:00

Should you have any queries, concerns or objections to this transfer, please contact the trustees via the fund's consultant Saul Leeman, in writing at leemans@aforges.co.za or on 021 401 9340. If the trustees do not receive an objection from you, they will assume that you are in agreement with the transfer.

Deadline for responses: **16 October 2020**

Regards

The Board of Trustees

Employer-appointed trustees:

Mr R Stein
Mr P Barnard
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Ms C Harris

BENEFIT COMPARISON

BENEFITS	TRANSFEROR FUND (TFG Retirement Fund)	TRANSFeree FUND (Metropolitan Rainmaker Provident Fund)
Fund Type	Pension	Provident
Normal Retirement Age (NRA)	65	65
Contributions – Member	7.50%	7.50%
Contributions – Employer	12.00% inclusive of all costs	12.00% inclusive of all costs
Resignation Benefit (Withdrawal or Retrenchment)	Options Available at Withdrawal: <ul style="list-style-type: none"> • Transfer to Preservation Fund • Transfer to another Approved Fund • Cash pay-out 	Options Available at Withdrawal: <ul style="list-style-type: none"> • Transfer to Preservation Fund • Transfer to another Approved Fund • Cash pay-out
Retirement Benefit	Purchase an annuity or part cash and part purchase an annuity	Cash pay-out or purchase an annuity or part cash and part purchase an annuity
Death in Service Benefit	5 times annual salary plus your fund credit	5 times annual salary plus your fund credit
Funeral Benefit		
Member & Spouse	R 25 000	M 25 000
Children 14 – 21 years	R 12 500	M 25 000
Children 6-13 years	R 5 000	M 12 500
Children under 6 years	R 2 500	M 6 250
Disability Income Benefit	75% of Total Guaranteed Package	75% of pensionable salary
Lump Sum Disability Benefit	n/a	n/a
Pension Backed housing loan facility	Available through First National Bank (Pension Backed housing loan).	Yes
Individual Member Investment Choice	No, the member’s assets are invested according to a life stage model.	No



CHANGES TO LESOTHO RETIREMENT FUNDING ARRANGEMENTS

Q: What is the change?

A: As a result of changes to the Lesotho Pension Funds Act, it is no longer possible for Lesotho employees, who are currently members of TFG Retirement Fund to continue contributing to this fund. Instead they will be required to contribute to a local Lesotho Fund.

Q: What is the new fund called?

A: The new fund is called the Metropolitan Rainmaker Provident Fund.

Q: When will the change be effective?

A: Your first contributions to the new fund will be effective 1 November 2020.

Q: What happens to my fund credit (money) in the TFG Retirement Fund?

A: Your money in the TFG Retirement Fund will be transferred to the new fund.

Q: How will this transfer take place?

A: The transfer of funds is governed by law and the transfer can only occur after approval by the FSCA (Financial Services Conduct Authority). You will be a member of both funds during the transition process i.e. while the legal approval process is underway.

Q: How long will the transfer take?

A: It is important to note that because this is a legal process, it may take several months before the transfer is finalised. During that time, you will be a member of both funds, and will receive benefit statements from both funds.

Q: Will the benefits in the new fund be different from what I am eligible to receive in the TFG Retirement Fund?

A: The benefits you are eligible to receive in the new fund are equivalent to the benefits you are currently eligible to receive. A detailed comparison of benefits has been provided in the detailed communication sent to you.

Q: How will this reflect on my pay-slip?

A: Where your payslip currently reflects TFG Retirement Fund EE, with effect from 1 November 2020, this will change to Metropolitan Provident EE.

Q: How will the contribution be calculated?

A: There is no change to the way in which the contribution is calculated. The employer (TFG) contributes 12% of your pensionable pay (or basic salary) on your behalf and you contribute 7.5% of your basic salary.

Q: Are there other benefits associated with the fund, e.g. death and disability benefits?

A: Yes, you will continue to be eligible for death, disability and funeral benefits. The benefits you are eligible to receive in the new fund are equivalent to the benefits you are currently eligible to receive. A detailed comparison of benefits has been provided in the detailed communication sent to you.