



# CATEGORY C

(RETIREMENT FUND)

## INFORMATION BROCHURE

## THE NFMW IS THE FUND OF CHOICE IN LOCAL GOVERNMENT!

- The National Fund for Municipal Workers (NFMW) has grown to the **largest fund within local government and with a membership base of more than 57 000 (employees and councillors)** throughout South Africa, it is clear that we are the fund of choice.
- **Our members are at the centre of what we do**, our decisions, our behaviours, and the strategies that we employ in the management of the fund.
- **We pride ourselves in providing excellent service** and the **administration cost is of the lowest in the industry**, this translates to less of our members contributions towards costs and more towards retirement savings.
- Our **excellent long-term investment performance track record** puts it on par with the best global balanced managed portfolios in South Africa and ahead of its peers in Local Government.

## SAVING TOWARDS YOUR RETIREMENT

### MONTHLY CONTRIBUTIONS

The NFMW is a defined contribution fund where your fund credit, comprises of your contributions, employer contributions, and investment returns, minus costs. Members contribute 7.5% to 9%, while employers contribute 18% of pensionable salary, depending on service conditions.

From 1 September 2024, the two-pot retirement system applies to all members, except those 55 or older on 1 March 2021 who did not opt in. The fund credit includes:

#### Vested Component

Savings accumulated up to 31 August 2024, plus future interest. No future contributions are allocated here. Members who were 55+ on 1 March 2021 and did not opt into the two-pot retirement system will have their net contributions allocated to their vested pot.

#### Savings Component

Grows with one-third of net monthly contributions and returns. Members can withdraw funds once every tax year (minimum R2,000), taxed at their marginal rate.

#### Retirement Component

Grows with two-thirds of net monthly contributions and investment returns, accessible only at retirement.

## ADMIN AND RISK COVER COSTS

The risk cover costs (death, disability, and funeral cover costs) as determined by the risk option selected, and the administration cost (0.5% of pensionable salary) which goes towards the day-to-day running of the Fund, are deducted from the employer contributions. The Fund understands the impact that high costs can have on a member's retirement savings and therefore always endeavours to keep it to a minimum.

## INVESTMENTS

It is important to note that you carry the investment risk. This means that good investment returns will have a positive effect on your fund credit and negative returns the opposite effect.

# INVESTING TOWARDS A SECURE RETIREMENT

### Life Stages

The Fund applies a default life stage model which automatically takes members through various investment portfolios with different risk profiles i.e. aggressive to more conservative portfolios as they approach retirement age. The life stages are provided on the right.

The Fund applies a phasing-in approach for default switches. The first 25% switch to the new recommended portfolio will occur at the end of a member's birthday month, taking 12 months to complete the full switch. After this phase-in, future member contributions will automatically go to the new default life stage portfolio.

Members **younger than age 55**  
- Aggressive Growth portfolio

Members **aged 55 and older, but younger than age 62** - Capital Growth portfolio

Members **aged 62 and older**  
- Stable Growth portfolio

### Member Investment Choice

The Fund also allows flexibility in providing our members with the option to elect any of the individual investment portfolio options available.

#### Aggressive Growth Portfolio

**Investment objective:** To maximise capital growth over a long-term investment horizon. Members should acknowledge that this portfolio could deliver volatile and negative returns over the short-term. This portfolio is suitable for members with more than 10 years to retirement.

#### Capital Growth Portfolio

**Investment objective:** To target capital growth over a medium to long-term investment horizon. Members should acknowledge that this portfolio could deliver volatile and negative returns over the short-term. This portfolio is suitable for members with 5 to 10 years to retirement.

#### Capital Protector Portfolio

**Investment objective:** To provide capital security with very low volatility and an extremely low probability of negative returns. This portfolio is suitable for members with less than 1 year to retirement where capital protection is absolutely necessary.

#### Stable Growth Portfolio

**Investment objective:** To target stable returns over a medium-term investment horizon with low volatility and a low probability of negative returns. This portfolio is suitable for members with 1 to 5 years to retirement.

#### Shari'ah Portfolio

This portfolio is suitable for Muslim investors requiring a Sharia-compliant investment portfolio. The portfolio will be invested in a variety of domestic and international asset classes. The underlying investments will comply with Shari'ah requirements as prescribed by the Auditing Organisation for Islamic Financial Institutions. The portfolio targets capital growth over the long-term while limiting short term market fluctuations.

Members have the option to switch between different portfolios and are encouraged to obtain financial advice to make informed investment decisions. NFMW members have access to free financial advice through the Fund's appointed financial advisors, Portfolium on (012) 880 5981. The latest investment returns, including the fund fact sheets are available on the fund's website [www.nationalfund.co.za](http://www.nationalfund.co.za).

# NFMW BENEFITS

Members and their families benefit from the NFMW's superior value proposition. This aligns with the Fund's vision of positively impacting the lives of our members, their families, and their communities, both today and in the future.

## DEATH AND DISABILITY BENEFITS

In the case of the unforeseen happening, like death or disability, it is important to know that your family will be financially taken care of. The Fund provides our members with the option to elect the amount of death and disability cover, by choosing between the four available categories. Where no Category is elected, the member will be placed on the Default risk cover option, which is C3.

CATEGORY	DISABILITY COVER	DEATH COVER
C0 - No cost	Choice of no cover, only fund credit payable	Choice of no cover, only fund credit payable
C1 - Total cost 0.70%	A lump sum of 1 x annual pensionable salary + fund credit	A lump sum of 1 x annual pensionable salary + fund credit
C3 - Total cost 2.10%	A lump sum of 3 x annual pensionable salary + fund credit	A lump sum of 3 x annual pensionable salary + fund credit
C5 - Total cost 3.20%	A lump sum of 3 x annual pensionable salary + fund credit	A lump sum of 5 x annual pensionable salary + fund credit

- Risk option changes: Members can decrease their risk benefits at any time during the year and increase their risk cover when their personal circumstances change, such as the birth of a child or marriage, within two months of the event. Increases may also be requested at other times, subject to medical underwriting. The Change of Risk Cover form is available on the Fund's website or can be requested from the Fund's offices. The effective date for implementing any risk cover decrease or increase is the first day of the month following the receipt of the risk cover change request.
- In the event of an active member's death or disability before retirement age, the funeral cover will continue until such time that the member would have reached normal retirement age.
- The disability benefit reduces by 1.67% per month from age 60 to 65. A disability claim is subject to the approval in accordance with the policy conditions.
- Death, disability and funeral cover cease when a member ends service or reaches normal retirement age.
- Death benefit payments are subject to Section 37C of the Pension Funds Act, which means the last will and testament, although considered for information purposes, does not determine how the death benefit is distributed. The nomination form, however, plays an important role as it is used as an important guideline when the trustees decide on who the benefit should be paid out to. Beneficiary updates are treated confidentially and can be done via the Fund's website, the Fund offices and the Sanlam online platform or MyPortfolio app.

## FUNERAL COVER

All members and their qualifying family members are covered for the following funeral benefits irrespective of the risk category elected:

Main member	R58 000
*Qualifying spouse/life partner	R58 000
Qualifying child 6 to 21 years (Qualifying child 21 to 26 years must be a full-time student, unmarried and/or disabled)	R28 500
Qualifying child from 26 weeks of pregnancy until 6 years	R13 000

\*The qualifying spouse/life partner must be younger than the age of 75 when the member joins the Fund to qualify for the funeral benefit. Members must ensure that their life partners are registered with the Fund, by completing and submitting the Application for Registration of a Life Partner-form to qualify for the funeral benefit.

Funeral cover cost: 0.313% of pensionable salary.

## Repatriation benefit

This included service is available 24/7 for transporting the deceased (member or qualifying family) to their place of burial in South Africa. To claim, contact the insurer at 086 0004 080, providing the deceased's name, ID, fund name, and place of death.

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## VALUE ADDED BENEFITS AND SERVICES

### FINANCIAL ADVICE AND RETIREMENT COUNSELLING

The NFMW provides holistic retirement benefit counselling, financial planning, and advice during members' working life and post-retirement. Services include retirement, tax, estate, and investment planning, default annuity options, investment strategies, and preservation options. For assistance, contact: Portfolium on (012) 880 5981 and INFund Solutions on (012) 880 5983

### THE HEALTH HEROES SERVICE

Health Heroes offers 24/7 counselling for NFMW members and their families, addressing personal, work-related, and health challenges like stress, relationship issues, substance abuse, and more. Contact Health Heroes on 0800 333 048, healthheroes@kulapartners.co.za USSD: 1201080#

### ABSA WORKPLACE BENEFITS

NFMW members enjoy exclusive financial service discounts on vehicle finance, home loans, and personal loans. Contact Workplace Banking Direct on 0860 556 556 and provide your NFMW membership details (Group Scheme Code: 10682). Terms and conditions apply.

### SANLAM REALITY ACCESS LOYALTY PROGRAMME

NFMW members can automatically access benefits like funeral support, legal assistance, emergency medical help, and lifestyle discounts via Sanlam Reality Access. Call 0860 732 548/9 for more details.

### VOLUNTARY FUNERAL COVER FOR EXTENDED FAMILY MEMBERS

Members can opt for additional funeral cover for extended family members with premiums paid directly to the provider. Options include:

- Burial packages: Kgatso Funerals (087 160 0568)
- Funeral cover for parents/extended family: Sanlam (0861 235 433)

### PENSION-BACKED HOUSING LOANS

The Fund offers housing loan guarantees based on members' Fund credit for property purchases, renovations, or bond settlements. The loan is subject to approval. Contact Standard Bank Pension Backed Lending at 086 100 9429 or Pblloanorigination@standardbank.co.za. Ensure your employer has an agreement with the financial provider.

# BENEFITS PAYABLE WHEN ENDING SERVICE

## ENDING SERVICE YOUNGER THAN THE AGE OF 55

Members younger than the age of 55 who resign, are dismissed or retrenched are entitled to the following withdrawal benefit.

### Vested Component

The member has the following options, based on the rules before 1 September 2024:

- Take a cash lump sum
- Transfer the benefit to another approved fund
- Preserve the benefit for later
- Combine these options (cash and transfer)

Any cash withdrawal will be taxed according to withdrawal tax tables.

### Savings Component

- If a withdrawal was already taken during the tax year and the remaining balance is less than R2 000, the member can withdraw the full amount.
- If the balance is R2 000 or more, another withdrawal can only be made in the next tax year.
- If no withdrawal was taken yet, the full amount in the Savings Component can be withdrawn.

### Retirement Component

No withdrawals are allowed from the Retirement Component until retirement.

**Members who terminated service with a participating Local Authority, but immediately joins another participating Local Authority, have the option to choose whether to retain their benefit in the Fund or take it in cash as explained above.**

## AT RETIREMENT

Normal retirement is at age 65 years or as per conditions of service and early retirement from the of age 55 years. At retirement members are entitled to the following retirement benefit.

### Vested Component

- Old Money (vested benefit): This includes all contributions made to the Fund before 1 March 2021, as well as any interest or growth accumulated on those contributions. This amount is payable as a lump sum.
- New Money (non-vested benefit): This refers to contributions made to the Fund between 1 March 2021 and 31 August 2024, along with the interest or growth on those contributions.
  - 1/3rd can be taken as a lump sum.
  - \*2/3rds must be taken as an annuity/pension.

*plus*

### Savings Component

Any benefits left in the savings component at retirement can be taken as a cash lump sum. Alternatively, it may be transferred to the retirement component at retirement and taken in the form of a compulsory annuity/pension.

*plus*

### Retirement Component

100% of the benefits in the retirement component must be taken in the form of a compulsory annuity/pension at retirement, that will be taxed as an income.

\*Exception: Members may take a cash lump sum if the total value in the retirement component plus two-thirds of the non-vested ("new money") benefit in the vested component does not exceed R165,000 (the de minimis amount as prescribed in the Income Tax Act).

**Members who were 55 years and older and who did not opt into the two-pot system** retain the option to receive their full retirement benefit as a lump sum, provided they remain members of the NFMW until retirement.

Members who have reached normal retirement age can defer their retirement, subject to the conditions of the employer. Contributions will continue to be paid during this time.

## NFMW POST-RETIREMENT PRODUCTS

Contact the Fund for more information on the two [post retirement products, the NFMW Golden income with profits life annuity underwritten by MMI and the NFMW Trustee endorsed living annuity (out-of-fund)

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# CONNECT WITH US

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[www.nationalfund.co.za](http://www.nationalfund.co.za)

WhatsApp: 066 283 7712



Scan to download the  
My Portfolio Application



Google Play



Apple Store

## NFMW

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This brochure contains information about the fund, its benefits, payment options when leaving employment as well as the services we provide to our members. If you need more detailed information, you can contact one of our communication consultants directly, or the Fund on the details provided in this document. Remember we are always here to help!

### COMMUNICATION CONSULTANTS

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IT IS IMPORTANT TO NOTE THAT THE NFMW STAFF ARE NOT QUALIFIED TO PROVIDE FINANCIAL ADVICE AS CONTEMPLATED IN THE FAIS-ACT AND MEMBERS SHOULD ALWAYS SEEK FINANCIAL ADVICE FROM A QUALIFIED FINANCIAL ADVISOR

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