

PENSION & PROVIDENT FUND

BUILDING INDUSTRY - SOUTHERN & EASTERN CAPE & EAST LONDON

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OVERVIEW OF THE FUND

The following explains the benefits you have as a member of one of the following Funds:

- 1. Pension and Life Assurance Scheme for the Building Industry (Southern and Eastern Cape)**
- 2. Provident Fund for the Building Industry (Southern and Eastern Cape)**
- 3. East London Building Industry Pension Fund**
- 4. East London Building Industry Provident Fund**

Please note that this is not a legal document. The purpose of the document is to give a simple explanation of the main benefits provided by the Fund as arranged by your Trustees.

Please keep this document in a safe place together with all the other communication that you receive about your Fund from time to time.

HOW DOES YOUR FUND WORK

Your Fund is a defined contribution Fund and the rules of your Fund set out a percentage rate that you contribute and also a percentage rate your employer contributes to the Fund. This means that you are guaranteed how much is paid into the Fund on a monthly basis but you are not guaranteed how much you will get at retirement. The size of the benefit that you get if you leave the Fund before you retire, or the benefit that you get when you retire, depends on the net contributions into the Fund (after providing for insured death, disability and funeral benefits and administration costs) and the net investment returns on those contributions.

WHO ARE YOUR TRUSTEES

Your Fund is governed by a Board of Trustees that are 50% nominated by the employer and 50% elected by the members. You need to bear in mind that these Trustees not only have their normal day-day jobs to manage, but they also have the added responsibility of managing your fund.

RULES OF THE FUND

The Rules of the Funds which apply to all members, broadly set out how the Fund operates and provide the framework of the Fund.

In a simple document such as this one, we cannot give full details of how the Fund operates in every situation. We have tried to make this guide as accurate and easy to understand as possible. However, if there are any differences between information in this document and the Rules of the Fund and/ the policies, the Rules and/ or policies will always apply.

WHO CAN JOIN?

Any person that is employed in the Eastern Cape and Southern Cape Building Industry for whom a contribution is paid in terms of the rules of the Fund. When you join the industry you can choose whether to join the Pension or Provident. All members must be under the age of 65 years.

WHEN IS YOUR BENEFIT PAID

Your membership to the Fund is compulsory for as long as you are still in the Industry. Should you resign from one employer, your funds will be paid up and you will only receive them when you leave the Building Industry. Should your new employer be registered with the Council, your contributions and your new employer's contributions will continue to be paid to the Fund on your behalf.

HOW MUCH YOU AND YOUR EMPLOYER CONTRIBUTE

You contribute a percentage of your weekly wages and your employer contributes a percentage of your weekly wages to the Fund for retirement. The insurance costs for providing Death, Disability, and Funeral Benefits as well as Administration costs are deducted from the employer contributions and the balance is invested towards your retirement.

RESIGNATION/ RETRENCHMENT/ DISMISSAL

The "Fund Credit" will be payable after you have stopped working in the Industry for a period of twelve months.

If you are retrenched from your work in the Industry, your "Fund Credit" will be paid six months after your retrenchment.

RETIREMENT BENEFITS

Your retirement benefits are there to help you when you retire. At retirement, the benefit that you receive from the Fund is your Fund Credit. Your normal retirement age is 60 years.

Retirement from a Pension Fund

If you are a member of the Pension Fund and you retire, you must use at least two thirds of your Fund Credit to buy a pension (annuity) from a registered insurer. You can structure this pension to meet your personal needs. You can also take up to one-third of your Fund Credit as a cash lump sum. Please speak to a registered financial advisor to set up the annuity.

You can contact the Alexander Forbes Individual Advice Centre on 086000083, should you need advice.

Early Retirement

In terms of the Income Tax Act and the fund rules, you can retire from the age of 55. Your benefit will be your Fund Credit at the date of your retirement. However, the earlier you retire, the smaller your Fund Credit will be.

Late Retirement

If your employer agrees, you may be able to work after your normal retirement age. If this is the case, you will carry on making contributions to the Fund until you retire. Your retirement benefit will be your Fund Credit at the date of your late retirement.

If you are still in service after your normal retirement age, you will no longer be eligible for disability, death and funeral benefits offered under your Fund.

Please note that you will have to pay tax on the retirement benefit received. If you buy an annuity you will not pay tax on the portion of your money that you use to buy your annuity. However, your monthly pension income will be taxed.

DISABILITY BENEFITS

The Trustees of the Fund may agree to an early retirement if you become totally and permanently disabled in the eyes of the Insurer and you will be entitled to a benefit as follows:

2 x Annual Wage Plus Fund Credit

This will only be paid by the Insurer should you be totally and permanently disabled from performing your own or any other occupation after a waiting period of 6 months.

The disability benefit is an accelerated death benefit and therefore should you die after you have received your disability benefit, your family will not be entitled to any death benefits on your Fund.

Remember that you must be disabled for six months before the Insurer can pay the benefit. It is extremely important that your employer notifies the BIBC Fund as soon as possible of any potential claim, even if your

claim does not materialize as a result of being able to return to work. In terms of the policy terms of the insurance company providing the insured benefit, claims must be notified to the insurer within thirty (30) days of any incident causing potential disability. The claim has to be submitted within twelve (12) months of such event.

DEATH BENEFITS

If you die in service before the normal retirement date, and you joined the fund prior to the age of 55, your dependents will receive a lump sum equal to 2 x your annual wage plus your fund credit.

If you die in service before the normal retirement date and you joined the fund after age 55, your dependents will receive 1 x your annual wage plus your fund credit.

If you die in service after the age of 65, your dependents will only receive your fund credit.

The death benefit is paid out after tax is deducted. The amount of tax deducted will depend on the tax laws at the time of death.

It is imperative that you complete the beneficiary nomination form.

FUNERAL BENEFITS

The following benefits are paid to help cover the cost of funeral expenses:

Member	R20 000
Spouse	R20 000
Children 14 - 21 years	R20 000
Children 6 - 13 years	R10 000
Children 1 - 5 years	R5 000
Children 0 - 11 months and still born	R5 000

Alexander Forbes must be notified within six (6) months of any death and funeral claims.

INVESTMENTS

In a defined contribution fund, members carry the investment risk, via their appointed trustees. That means that the portfolio(s) your assets are invested in and the growth on these portfolios will determine how much you will one day receive when you leave the fund.

Your fund grows through careful investment. It's very important that a well thought out investment strategy is put in place so that your Fund Credit will grow over a long period of time. The Trustees set up an investment strategy that is appropriate for the members.

They go through a full process to set up the investment strategy for the members and continue to monitor this strategy to make sure it is still appropriate.

Investment Risk

All investment decisions have a certain amount of risk attached to them. Shares are expected to have the highest long term returns, exceeding inflation by a comfortable margin, but with share you stand the risk of the value of the investment reducing over the short term. Cash investments have lower expected returns over the long term. It is very possible that the returns will not exceed inflation over the long term, yet your value will not decrease.

Usually there is a direct relationship between the risk taken and the return received. The higher the risk, the higher the return.

People are not normally rewarded for not taking risks. By making a proper investment decision it is possible to reduce the risk and still get a decent return. In general, when investing for retirement, you will need share exposure to provide you with sufficient returns to generate a reasonable income at retirement.

THE FUND'S DETAILS

Fund Registration Numbers:

Pension & Life Assurance Scheme for the Building Industry:	12/8/5707
Provident Fund for the Building Industry:	12/8/34085/1
East London Building Industry Pension Fund:	12/8/10091/1
East London Provident Fund:	12/8/28782

Should you have any queries regarding your fund, please do not hesitate to contact the Building Industry Bargaining Council on **041 450 8516**.