nmg BENEFITS

NMG Umbrella SmartFund Member Booklet

Version: Member booklet NMG Umbrella SmartFunds November 2021

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FUND DETAILS

Fund name:

NMG Umbrella SmartFund (pension section)
NMG Umbrella SmartFund (provident section)

Registered office:

9th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 South Africa
Telephone 27 11 509 3000
queriesrfa@nmg.co.za

FSCA registration number:

NMG Umbrella SmartFund (pension section) – 12/8/36758/1
NMG Umbrella SmartFund (provident section) – 12/8/36750/1

WELCOME

We welcome you to the NMG Umbrella SmartFund. You are important to the fund and we want to give you some useful information.

Your employer participates in the NMG Umbrella SmartFund to help their employees, such as you, save for retirement. When you reach your retirement age and can't continue working for your employer, the money that you have saved in the fund will help to provide you with an income.

This booklet explains how the fund works and the benefits that you are entitled to when you retire, what happens when you change jobs, what your family will get if you die, how your fund is managed, how to grow your retirement savings and who to contact if you need help.

The **benefit schedule** that comes with this booklet gives you more detail about the benefits that you have in your employer's section of the fund. You will need to check the **benefit schedule** to see if your benefits include the disability benefit and funeral benefit.

WHAT SHOULD YOU RECEIVE WITH THIS BOOKLET?

You should also receive:

- A **benefit schedule**; and
- An **investment booklet**.

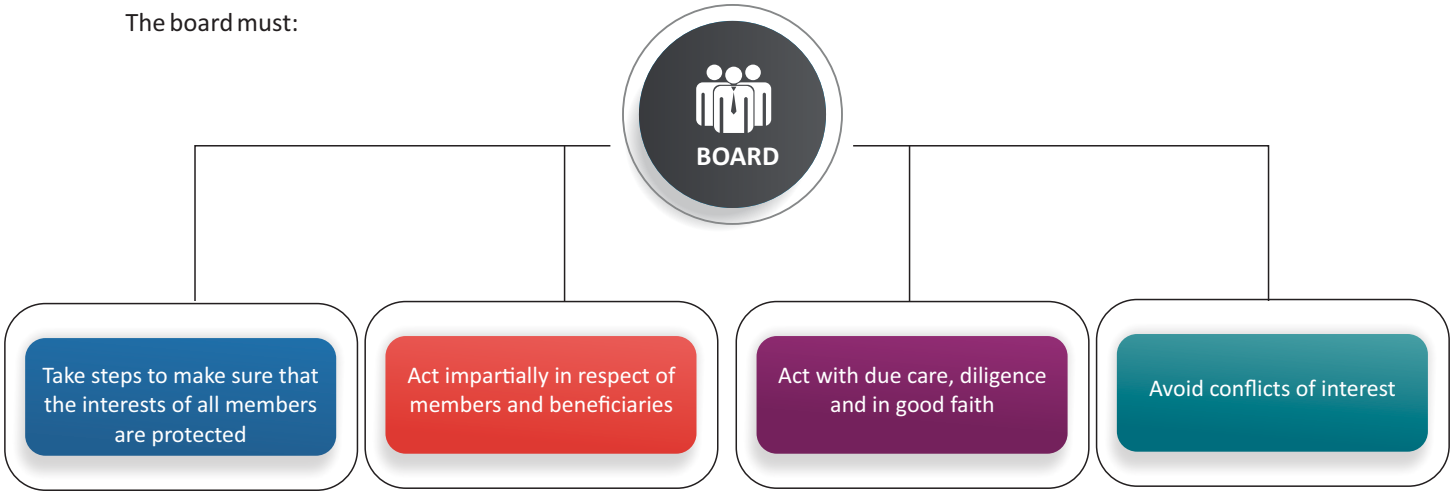
If you don't receive this information, please request them from your employer as you need to read and understand the information. The information can be accessed on the fund's online portal, https://www.adminportal.nmg.co.za/

WHO LOOKS AFTER THE FUND?

The board manages the fund

A board runs the NMG Umbrella SmartFund. The board is guided by the law and the rules of the fund. There are four board members - two are independent and two are sponsor appointed. The sponsor is the company that set up the fund.

The board must:



Your participating employer

The fund's rules say that each participating employer may have a management committee. The employer decides if there will be a management committee for that employer's part of the fund. If there is a management committee for an employer, members must be represented on that committee. If there is no management committee for an employer, your employer will appoint representatives to help manage the fund for its members.

The fund's rules

The board decides on the rules of the fund. The rules say how the fund will operate and give a framework for the operation of the fund. These rules are important as they set out what benefits can be offered by the fund and how the fund must be run.

The fund has general rules that apply to all members of the fund and set out how the fund will work. The fund also has special rules that apply to your employer's section of the fund. The special rules will say who can belong to the fund, what the contribution rate is, what the insured benefits are, the normal retirement age and other issues specific to your employer's section of the fund.

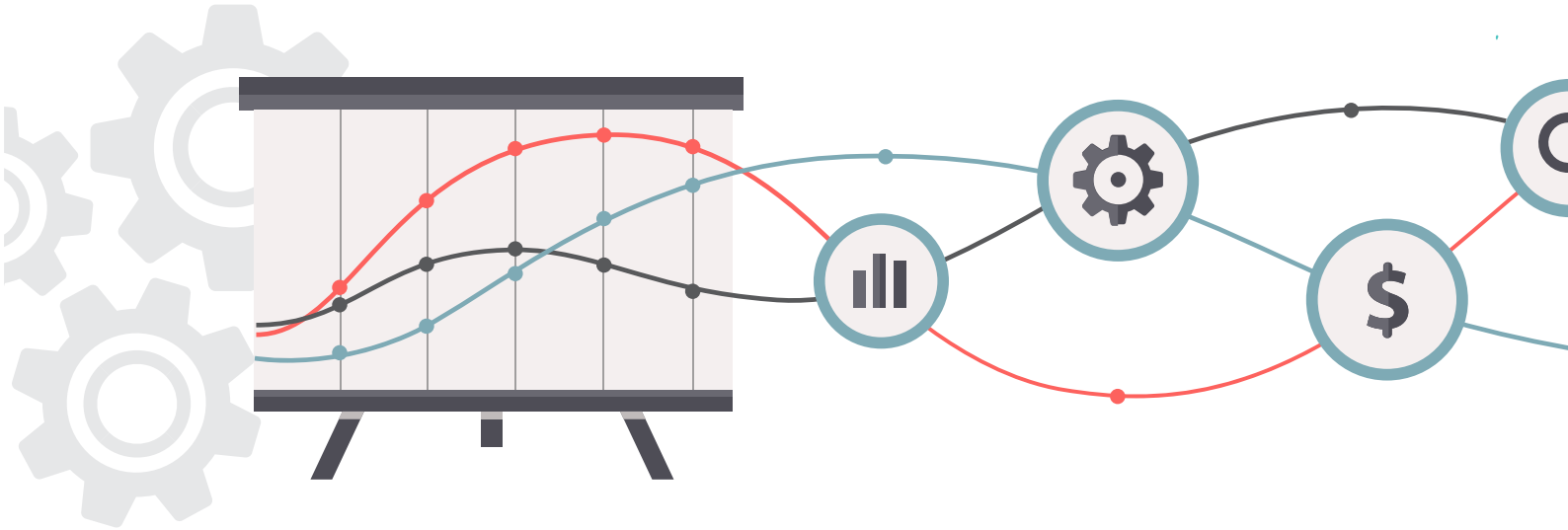
You have a right to see the fund's rules. You can get a copy of the fund's rules from your employer or from the fund at its registered address. If the information in this booklet differs from the information in the rules, the rules will always override this booklet.

HOW THE FUND WORKS

Every month, an amount of money is contributed to the fund and invested for you in the investment markets by financial experts. This money earns a return in the investment markets (investment growth). This money in the fund is called your **"fund credit"**.

When you reach retirement age, this **fund credit** will be your retirement benefit. If you leave your employer and the fund before you reach retirement age, your **fund credit** will be your withdrawal benefit. You also get a **death benefit** from the fund. This is money that will be paid to your family members and beneficiaries if you die while you are still a member of the fund.

Over time, your money in the fund can grow to become one of your biggest financial assets. This means that it's important for you to understand how the fund works and what benefits you can expect.



The fund's structure

The NMG Umbrella SmartFund is called an umbrella fund because it is one fund that many different, unrelated employers have joined to provide their employees with retirement benefits. The participants share the costs of running the fund. This means that more of your contributions can be invested for your retirement.

The NMG Umbrella SmartFund is a "defined contribution" fund. The rules of defined contribution funds say who (for example, you and your employer or just you, or just your employer) must contribute to the fund and this largely determines what you will get out of the fund. The rules also say how much must be contributed to the fund each month.

The benefit that you are entitled to when you retire depends on the amount that has been contributed over time and what the investment growth has been. It's not guaranteed that you will have enough money to live on when you have retired. When the investment markets grow, the value of your **fund credit** grows. When the investment markets drop, the value of your **fund credit** also drops.

It's important that you invest for your retirement over many years and that you invest your money in the right way if you want to make sure that you have saved enough money for your retirement.

Becoming a member

The fund rules say who must join the fund. If you are eligible to be a member of the fund, you must belong to the fund.

When you join the fund, you should complete the fund's **new member form**. You can provide the fund with your contact details and investment instructions in this form. You should also complete the **dependants and nominees form** to provide the fund with information should you pass away.

You will get a **new member certificate** from the fund to confirm you have joined the fund. The certificate will confirm the way that your retirement benefit will be invested.

Going forward, you will receive a **benefit statement** confirming your retirement benefit (**fund credit**) and where it is invested once a year.

Transferring paid up money from previous funds

You can transfer paid-up money from other funds, that you have belonged to before, into the NMG Umbrella SmartFund. If you provide copies of the paid-up certificates to the fund's administrator and let them know you want to transfer paid up amounts into the fund, they will ask you for further information and help you with transferring this money into the NMG Umbrella SmartFund.

Your contributions

Please look at the **benefit schedule** you have received with this booklet to see the contribution rates.

Your employer's contributions are added to your salary as a taxable fringe benefit. You can claim a tax deduction on contributions to all the pension, provident and retirement annuity funds that you belong to, up to 27.5% of the higher of your remuneration or taxable income, and up to R 350 000 every year. Your member and employer contributions form part of this tax-deductible limit.

If you contribute more than R 350 000 in a year, the contribution that is more than this is added to your contributions in future years and will be deductible in future years if it's within the limits of that year. At retirement, if there are any contributions that you didn't get a deduction on, this will be set off against your retirement benefit and added to the tax-free amount you are entitled to on retirement or the amount you take as a pension.

Improve your retirement outcomes by saving extra money in the fund

It is likely that the rules of your employer's section of the fund don't require you to contribute as much as you can claim as a tax deduction. Because you can claim a tax deduction on contributions up to 27.5% of the higher of your remuneration or taxable income, up to a limit of R 350 000 each year, this means that you can use the tax-deductible contribution limit to make extra, tax-efficient, contributions for your retirement savings. These contributions are called “additional voluntary contributions”.

If you make additional voluntary contributions and, thus, save extra money in the NMG Umbrella SmartFund while you are younger and still working, your contributions have time to earn compound interest to help you get a higher monthly income when you retire. You will also pay less tax on your salary or income every month.

You can choose to pay in more contributions to the NMG Umbrella SmartFund than the contribution that is set out in the fund's rules – these are additional voluntary contributions. You can arrange with your employer to deduct the additional voluntary contributions from your salary and pay these to the fund.

Get good value for your retirement savings

The fund has identified ways of improving the overall outcomes for you as a member of a retirement fund, to ensure that you get good value for your retirement savings and make informed decisions.

So, the fund has:

- a **default investment strategy**: to help members who don't want to make investment choices;
- a **default preservation and portability strategy**: to help those members who don't make choices when they leave the fund;
- an **annuity strategy**: to make it easier for members to choose annuities when they retire.

The board regularly monitors these arrangements so they may change over time.

Protecting your personal information

It is important to us that we keep your personal information safe as this is integral to your financial wellbeing. The Pension Funds Act, other legislation and regulatory standards require that the fund and its providers collect and process your personal information that it receives from you and your employer so that the fund and its providers can provide services to you and your beneficiaries in connection with the fund.

Please refer to the fund's Promotion of Access to Information Act Manual ("Manual") and Data Protection Policy. These documents set out:

- the details of the Fund's Information Officer (which are also set out in this booklet);
- the fund's purposes for processing your personal information;
- what types of personal information the fund processes;
- any justifications the fund relies on to process your personal information;
- your rights with respect to personal information;
- how to access personal information from the fund;
- who we receive your personal information from;
- how to complain to the fund in relation to your personal information (you can also complain using the complaints information in this booklet);
- the fund's retention policy;
- and other useful disclosures and information about how we process personal information.

You can access the fund's Manual and Data Protection Policy on the fund's portal, at the Fund’s registered offices (see above) or using the contact details set out in the "Do you have Questions" section.

The fund may be required to keep personal information related to you, former members and beneficiaries for many years, even long after you have left the fund.

INVESTING FOR YOUR RETIREMENT

The contributions that you and your employer make to your retirement fund are invested for your retirement. Investments are an important part of the retirement fund because your retirement benefit depends on the amount of money that is contributed and the investment earnings on these contributions.

The growth or loss on the investment portfolios that your retirement savings in the fund are invested in has a big impact on the **fund credit** you'll get one day when you retire or leave the fund.

The board has a well-thought out investment plan

It's very important for each fund to have a well thought out investment plan so that your **fund credit** in the fund will grow over time. The board offers a range of investment portfolios for the different needs for all the members. The **benefit schedule** you get with this booklet will tell you which investment strategy has been chosen for your employer's section of the fund.

All investment decisions have a certain amount of risk. Usually there is a direct relationship between the amount of risk you take and the amount of return you get. The higher the risk, the higher the return can be over time.

The board uses portfolios that hold different types of assets (called **"asset classes"**) to invest your retirement money. There are four main types of **asset classes**. These are shares, bonds, property and cash. The investment portfolios invest in different combinations of these **asset classes**. Investment managers decide which mix of **asset classes** should be held in each portfolio.

Shares

Shares or 'equities' are where you buy a share or part of a company. Shares usually make up the biggest part of retirement fund investment portfolios.

Bonds

With bonds, the investor lends money to the government or a company that agrees to pay back interest on the loan and to give the initial investment, (the capital) back at the end of the loan period.

Cash

Cash or money market investments are where an investor places money with a bank, and the bank pays the investor interest based on the amount of the deposit.

Property

Property can either be a direct investment into property (e.g. own a building) or own shares in property trusts like those listed on the JSE.

Retirement funds invest with the aim that the value of your money keeps up with inflation. Over the long term, the aim is to grow your investments by earning a return that is higher than inflation.

The best mix of **asset classes** for you at each stage of your life will depend on how many working years you have left until retirement as well as your ability to accept the risks that come with the investments.

In general, when you invest for your retirement, you will need to invest in shares for the long term to give you enough returns for a reasonable income in retirement. The more conservative (less risky) you are with your investments when you are younger (for example if you choose to invest in cash with not enough shares in your investment) the less likely you are to save enough money to live comfortably when you retire.

Who does what regarding investments?

- The **board** sets out the investment strategy framework for the fund and selected the investment managers.
- Your **employer or management committee** chooses the investment strategy that applies for all members of your section of the fund from the options made available by the board.
- **You** can choose the investment portfolios you want to be invested in from those chosen by the fund and your employer or management committee.

There is more detail about the investment strategy for your section of the fund in the **benefit schedule** that comes with this member booklet. More information about the investment strategy and portfolios is included in the fund's **investment booklet**, which you should also receive with this booklet.

IF YOU RETIRE FROM THE FUND

The money you have saved in the retirement fund is there to help you receive an income when you retire because you are not getting a salary every month. You have some options of what to do with your retirement benefit when you retire.

Defer receiving your retirement benefit by:

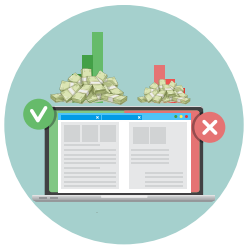
1. Keeping your retirement benefit in the fund (you become a deferred retiree).

2. Transferring your benefit to a retirement annuity fund or preservation fund (the fund has a preferred preservation fund).

You can start receiving a pension income now by purchasing an annuity:

1. Purchase one of the annuities from the fund's annuity strategy

2. Purchase an annuity from any annuity provider that you have chosen



OR

If you want to start receiving a pension income now, you can also take cash.

The options available to you at retirement as to how much cash you can take versus how much pension income you must buy depends how much of your benefit is 'vested' and how much is 'non-vested'. You can tell how much of your retirement benefit is vested or non-vested by looking at your benefit quote / statement.

Cash allowed, by law, to be paid from the pension fund or the provident fund:

You may take a maximum of the vested part of your benefit *plus* one-third of the non-vested part of your benefit in cash. **The rest must be used to buy a pension.**

How much of your benefit is vested depends on, among other things, your age on 1 March 2021 and when you joined the fund. Please ask us if you are unsure.

Early retirement

The fund rules allow you to retire from age 55. If you retire early, the options are the same as when you retire at your normal retirement age. However, you would have saved less if you retire early than you would if you retire later.

Ill-health early retirement

If you do not qualify for disability benefits, you can choose an ill-health retirement (at any age) if you are unable to perform the normal duties of your own occupation because of your ill-health.

The fund's board and your employer will need supporting documentation from you. Please speak to your human resources department if you are thinking of retiring due to ill-health.

If you qualify for a lump sum disability benefit, you will get this insurance benefit together with your fund credit (an ill-health early retirement benefit) from the fund. You may not be able to take this whole disability benefit as a lump sum cash amount. You may take a maximum of the vested part of your disability benefit *plus* one-third of the non-vested part of your benefit in cash. The rest must be used to buy a pension.

How much of your benefit is vested depends on, among other things, your age on 1 March 2021 and when you joined the fund. Please ask us if you are unsure.

You can see *if* you have this lump sum disability benefit in the benefit schedule that is included with this booklet.

The options are the same as when you retire at your normal retirement age.

Late retirement

You can work after your normal retirement age if your employer agrees to this. You and your employer must continue to contribute to the fund until you retire. When you do retire, the options available to you will be the same as when you retire at your normal retirement age.

The fund has a booklet to give you with more detailed information about your options when you retire, including costs and how the benefit is taxed at retirement. The booklet is available from your human resources/ payroll department and can be accessed on the fund's online portal, https://www.adminportal.nmg.co.za/.

Deferred retirement

There are two ways to defer your retirement from the fund if you are 55 years or older:

You can defer your retirement from the fund, by retiring from your employer, but leaving your retirement benefit invested in the fund until you choose to take your retirement savings from the fund.

If you choose this option, you won't be able to make further contributions and you will remain invested in the investment portfolio you were invested in before retirement (until you select another portfolio). You won't be entitled to insurance benefits from the fund.

There will still be investment, administration and other fees. The service fee for deferred retiree members is currently set at 0.25% excluding VAT of assets a year, with a maximum monthly fee of R40 excluding VAT. There is also a governance fee payable which changes every year, depending on the costs of the fund. The investment fee will be on the same fee basis as the SmartAssets portfolios for active members of the fund. You can find these fees in the fund's investment booklet.

The investment return on your retirement savings will depend on the investment return on the portfolio(s) you are invested in.

You can defer your retirement by retiring from your employer but transferring your retirement benefit to a retirement annuity fund or a preservation fund.

You can choose any appropriate pension or provident preservation fund. If you choose this option, you will not be allowed to take one withdrawal from the preservation fund prior to retirement.

You won't pay tax on the retirement benefit transferred from the fund to the retirement annuity fund or a preservation fund.

Once you are in the retirement annuity fund or a preservation fund you still have control over where your retirement benefit is invested and can switch between the available investment portfolios when you need to.

The costs of the retirement annuity fund or a preservation fund would need to be disclosed by the retirement annuity fund or a preservation fund and your financial advisor can help you with this.

Purchasing one of the annuities in the fund's annuity strategy

The fund's annuity strategy has been put in place to help members who are not sure what to do with their retirement benefit at retirement and don't have access to financial advice on an appropriate retirement solution. When you reach retirement, you have the option to purchase a pension (that gives you a monthly pension income) as selected by the fund's board. You would still need to make the choice to select this option. Of course, you do not need to choose an annuity from the fund's annuity strategy at all, you can choose any annuity.

If you choose an annuity from the fund's annuity strategy that is a combination of a life annuity and a living annuity - which is a *hybrid annuity* - then the FSCA requires that where it is a condition of the fund's hybrid annuity exemption that members receives counselling in person, that you then undergo retirement benefits counselling in person. If you choose the hybrid annuity from the fund's annuity strategy then you should understand that:

- You cannot transfer the life annuity portion to another insurer; and
- at least once every 12 months you can elect to move my hybrid annuity to another insurer (that will accept it) if you want to; and
- that the fund may require you to receive benefit counselling in person.

WHAT HAPPENS TO YOUR FUND MONEY IF YOU DIE

Your beneficiaries will get a benefit from the fund if you die

If you die while you are working for your employer, your beneficiaries will get a lump sum benefit made up of your fund credit and an insured benefit if this insured benefit is in place for your employer's section of the fund. If the insured benefit is not in place for your employer, then your benefit will be made up of your fund credit. This is called a "death benefit". The benefit schedule you get with this booklet will tell you whether there is death benefit insurance in place.

Your death benefit is shared

The law says that the fund's board must decide how to divide your lump sum death benefit between your dependants and your nominees if you die while you are a member of a fund. The board needs to find out who all your dependants are and who you have nominated to receive some of the death benefit, and then decide how to pay the benefit fairly. They have a duty to share the death benefit fairly and focus on providing for your dependants. The board must decide who to pay, how much to pay each person and how to pay them.

Dependant	Spouse	Nominee
A dependant is someone you are legally responsible for supporting financially or someone that you aren't legally responsible for supporting financially but who is in fact financially dependent on you. This includes your spouse and children (both biological or adopted).	Your spouse is someone you are married to in terms of South African law, the laws of your religion or in a customary union or someone who you are living with in a long-term relationship.	Nominees are people or organisations who you choose in writing on the nomination of beneficiary form to share your death benefit. The nominee is not a legal or factual dependant.

It's important to keep your dependants and nominees form up to date

The board will consider the dependants and nominees form that you completed when they make their decision on how to share the death benefit. The board uses this form to see what your wishes were. They use the details on the form as a guide when they are sharing out the death benefit. They do not have to follow your wishes.

If you keep the dependants and nominees form up to date, it will make it easier for the board and your employer to find out who your dependents and nominees are. If the form is out of date, the board might make a decision that is different from what you would have wished. It's a good idea to update the form when there is a big change in your life – for example when you get married, divorced or have a child.

You can get the dependants and nominees form from your human resources or payroll department. Please make sure you have filled this form in and returned it to your human resources or payroll department. The form can also be accessed on the fund's online portal, https://www.adminporta.co.za/.

Tax

The death benefit is taxed before it is paid out. The amount of tax will depend on tax laws at the time of your death. Currently, the tax on the death benefit is the same as if you took a cash benefit when you retire.

IF YOU ARE CHANGING JOBS

If you resign, are dismissed or retrenched, you are entitled to your fund credit. When you are deciding what to do with your fund credit, there are a few options for you to consider.

Move your benefit to a preservation fund

- You have access to one withdrawal of your benefit before retirement.
- You are likely to have investment flexibility.
- Depending on the preservation fund you select, when you transfer to the preservation fund, you can choose to invest in the same SmartAssets investment portfolios that you could choose from in the NMG Umbrella SmartFund.
- A preservation fund may not have the benefit of economies of scale in the umbrella or in a new employer fund, which could result in higher investment fees and administration charges.
- You may need to get financial advice to access a preservation fund.

Move your benefit to your new employer's fund

- Your benefit will be locked in until you leave your new employer.
- You should check, but your new employer's fund may have lower costs.
- You may have less investment choice than what you had before.
- Getting financial advice is not compulsory.

Transfer your benefit to a retirement annuity fund

- Your benefit will be locked in until age 55.
- A retirement annuity fund may not have the benefit of economies of scale of the umbrella or in a new employer fund, which could result in higher investment fees and administration charges.
- You may need to get financial advice to access a retirement annuity fund.
- You are likely to have investment flexibility.

Take cash

- If you choose to take your retirement benefit in cash, or a portion in cash, you will have to save for your retirement from the start again and you may not be able to stay on track with your long-term financial goals.
- Its strongly recommended that you preserve your benefit for its original purpose – providing you with an income in your retirement.

Paid up benefit in the fund

If you do not make a choice of where your benefit should be paid to, it will remain in the fund as a paid-up benefit until you tell the fund what you want to do with your money.

The fund has a booklet to provide you with more information on your options if you are leaving the fund, including costs and how the benefit is taxed on withdrawal. The booklet is available from your human resources/payroll department and can be accessed on the fund's online portal, https://www.adminportal.nmg.co.za/.

DO YOU HAVE QUESTIONS?

You can access information about the fund on the fund's online portal, https://www.adminportal.nmg.co.za/. You can also obtain information from your human resources or payroll department.

You can speak to your human resources or payroll department to put you in contact with your fund consultant if you need further assistance with information about the fund and your options.

The fund recommends that you speak to a financial advisor before choosing your investment options and deciding what to do with your money when you withdraw or retire. You can choose any financial advisor.

If you would like to speak to an NMG financial adviser, please contact the NMG offices on these numbers:

Johannesburg:	Phone: (27) 11 509 3000
Cape Town:	Phone: (27) 21 943 1800
Durban:	Phone: (27) 31 566 2133
Port Elizabeth:	Phone: (27) 41 397 3400

You can also email finplanning@nmg.co.za to contact the NMG financial advisers.

COMPLAINTS

If you have any complaints, you can contact the fund on smartfundcompliance@nmg.co.za.

If the board of the fund can't resolve your complaint within 30 days or doesn't reply within 30 days, you can contact the Pension Funds Adjudicator on:

Tel: (012) 748 4000 or (012) 346 1738
Fax: 086 693 7472
Email: enquiries@pfa.co.za

If you want to complain about the way your personal information has been used, please lodge your complaint with the fund's Information Officer:

Mr Andre Haasbroek
Tel: +27 21 943 1800
Direct line: +27 21 943 1827
Mobile: +27 83 4482636
Address: Belvedere Office Park Block B, Pasita Street, Bellville , South Africa

You can lodge a complaint in relation to your personal information with the Information Regulator:

Email for PAIA complaints:
PAIAComplaints@inforegulator.org.za
Email for POPIA complaints:
POPIAComplaints@inforegulator.org.za

Website: https://www.justice.gov.za/inforeg/

PLEASE NOTE

- The information in this booklet is intended to be for general information purposes and is not intended to be advice, a proposal, personal recommendation or guidance about any financial product or service.
- The fund, administrator and board cannot be held liable for damage or loss suffered as a result of any of your decision, action or investment decisions you make upon leaving or retiring from the fund or that you take based on the contents of this booklet or the booklets referred to in this booklet.
- If there is a difference between this booklet and the fund rules, the fund rules always take precedence.
- On retiring and withdrawing from the fund we recommend that you take advice from a financial advisor.

DEFINITIONS

Benefit schedule	A document that comes with the member booklet and that gives you more detail about the benefits that you have in your employer's section of the fund.
Investment booklet	A document from the fund that gives you information about the fund's investment strategy and portfolios. It provides information about the nature of the investment portfolios and who each portfolio would be suitable for. It also provides information about the historical investment returns and the costs of each portfolio.
Fund credit	Every month, an amount of money is contributed to the fund and invested for you in the investment markets by financial experts. This money earns a return in the investment markets (investment growth). It is the value of your money in the fund.
Dependants and nominees form	When you join the fund, you should complete the fund's dependants and nominees form to provide the fund with information should you pass away. The board needs to find out who all your dependants are and who you have nominated to receive some of the death benefit, and then decide how to pay the benefit fairly. You should keep this form updated if your circumstances change.
Asset classes	Asset classes are different types of investments that can be grouped as they have similar characteristics and behave similarly. Some types of asset classes include shares, bonds, property and cash.
Death benefit	If you die while you are working for your employer, your beneficiaries will get a lump sum benefit from the fund made up of your fund credit and an insured benefit if this is in place for your section of the fund. The benefit schedule will set out how your death benefit is made up.
Vested benefit	Your vested benefit on retirement (which you can take in cash) is made up as follows: When you retire, you can take all your savings in a provident fund from *before 1 March 2021* plus all fund return on these savings as a cash lump sum, PLUS If you are 55 years or older on 1 March 2021, all your savings in the provident fund from 1 March 2021 onwards plus fund return on this, if you were a member of the provident fund on 1 March 2021.
Non-vested benefit	The non-vested benefit may be taken as a maximum of one-third in cash and the remaining two-thirds used to purchase an annuity to help you receive an income in retirement.