Municipal Councillors Pension Fund

MCPF
MEMBER GUIDE



Welcome

Dear Member

Welcome to the **Municipal Councilors Pension Fund.**

The Fund is an autonomous body associated with all municipalities in South Africa exclusively designed for Councilors and currently managed by elected Board of Trustees from 9 provinces, Two Employer Body Trustees and Two Independent Trustees.

The Municipal Councillors Pension Fund was established on the 1st May 1988 in terms of the Pension Benefits for Local Authorities Act 105, 1987 as the only Fund to service the retirement needs of Municipal Councillors. It was originally a defined benefit fund but has since 1st December 2000 been restructured to a defined contribution fund. The Fund is highly recognized and considered by the South African Local Government Association as it was exclusively designed to cater for Municipal Councillors.

The Fund was created to provide members with a way to save for their retirement. This Member Guide is one of the tools to help you understand all the benefits provided under the Fund, as well as to help you make the right decisions to ensure you can enjoy a retirement. MCPF is a Define Contribution (DC) as the contributions made and interest earned by the member determines the benefits payable when the member exit the fund.

Members are now given two contribution options from which to choose from. Option 1 (one) is 28.75% (13,75% member portion plus 15% employer portion). Option 2(two) is 15 % (7,5% member portion and 7,5% employer portion). The contribution are determined in accordance with determination of upper limits of salaries, allowances and benefits of different members of municipal council provided for by the Remuneration of Public Office Bearers Act, 1998.

In this booklet you will find important information that you will need to be an informed member of the Municipal Councillors Pension Fund. Please take a moment to read through it carefully. It is important to take your family through the most important sections in this booklet. **Please keep it in a safe place.**

Should you have any questions that are not covered in this member guide, or have comments/ suggestions on how to improve our communication with you, please contact the Fund. Kindly see our details under the "***Contact Us section***".

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What is the Municipal Councillors Pension Fund?

The Municipal Councillors Pension Fund is a defined contribution fund specifically and exclusively for Councillors of all South African municipalities.

It can also be seen as a 'savings plan' to help you save for retirement.

The Fund provides members with benefits should they cease being a Councillor or to the beneficiaries of members, should a member pass away.

These Benefits are:

- Retirements
- Death Benefits
- Funeral cover

Membership of the Fund

All Municipalities can participate in the Fund. All Councillors of a participating Municipality, irrespective of their age, proof of health are entitled to become members of the Fund. Upon exit, members are allowed to defer their benefits in the Fund by completing the application forms and submit to the Fund. In order to become a member:

- Complete and submit the new member application form to your Human Resource Department for processing as well as to the Fund;
- Also complete beneficiary nomination form;
- In order to qualify for the full benefits, your first contribution needs to have been received by the Fund;
- Your date of joining will however reflect as the 1st day of that respective month, even though your contribution will only be paid at the end of that month;
- Once the Fund has received your first contribution your membership card, certificate and member guide will be issued.

How does the Fund work?

Every month your Municipality deducts a certain amount from your annual pensionable remuneration as contribution. From April 2006, the pensionable remuneration paid to Councillors is on a total cost to company basis. Both the employer and employee portion of contribution (15% plus 13,75% or 7,5% plus 7.5%) forms part of the pensionable remuneration from which contributions will be deducted and be paid to the Fund. A portion of this contribution is used to pay for risk cover such as death (payable in multiple of 3 X annual pensionable salaries), funeral cover, terminal illness benefits as well as the Fund's operational costs.

The remaining amount after payment of operational costs and risk cover is then invested on your behalf. This assists you to save as much money as you can by the time you retire. This money is then paid to you when you leave the Fund, retire or to your family if a member dies. Members of the Fund who get re-elected are regarded as continuing members of the Fund and therefore will not be paid out until they cease to be Councilors.

An Example of Cost Break down: For illustrative purposes

OPTION 1	**OPTION 2**
EXAMPLE 1: R 207 455 Annual Salary/12= R17 287.91 per month Member contribution: 7.5%= R1296,59 Council Contribution: 7.5% = R 1296,59	**EXAMPLE 2:** R 207 455 Annual Salary/12 = R17 287.91 per month Member contribution: 13.75 % = R 2377.09 Council Contribution: 15% = R 2593.19
Total contribution: 15% = R 2593.18 Less Risk & Operational costs: 6% (R1037.27) = R 1555.91 ***NB: Risk & ops cost are calculated from annual salary***	Total contribution:28.75% = R 4970.28 Less Risk & Operational cost: 6% (R1037.27) = R 3933.01 ***NB: Risk & ops cost are calculated from annual salary***
- GLA cost = 3.42% - Operational cost = 2.58% - **Total Costs = 6%** - **Allocation to member = 9%** Plus interest and investment return = Total Member Share	- GLA cost = 3.42% - Operational cost = 2.58% - **Total Costs = 6%** **Allocation to member = 22.75%** Plus interest and investment return = Total Member Share

- *GLA- means Group Life Assurance*

Contributions

Contributions to the Fund are made in accordance with the MCPF Fund Rules in conjunction with Pension Fund Act, and subsequent to government notices.

Option 1

Member Contribution	13.75% of their monthly pensionable remuneration to the Fund
Employer Contributions	15% of member pensionable remuneration to the Fund
Total Member Contributions	28.75 %

OPTION 2

Member Contribution	7.5 % of their monthly pensionable remuneration to the Fund
Employer Contributions	7.5% of member pensionable remuneration to the Fund
Total Member Contributions	15 %

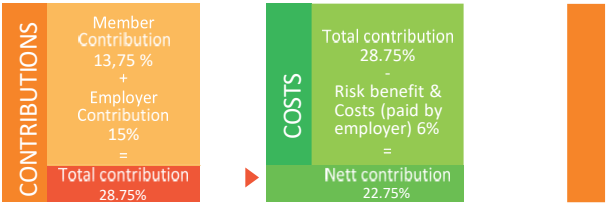
Can I make voluntary additional contributions (VAC)?

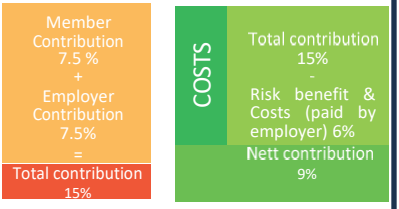
Members are allowed to make voluntary additional contributions. The member must advise the employer in case he/she elects to make voluntary additional contributions. The employer must advise the Fund of those members who are making voluntary additional contributions. To make VAC instruct your Salaries/HR in writing.

The member can transfer-in their lump sums from a previous employer's fund to MCPF in accordance S14 of the Pension Funds Act of1956.

Total Member Share

The costs for operational costs and fund benefit costs, (risk/insurance) are deducted from the contributions to the MCPF. The balance together with the member contributions are regarded as your Total Member Share. Your Total Member Share will earn investment returns and is your total value in the Fund.

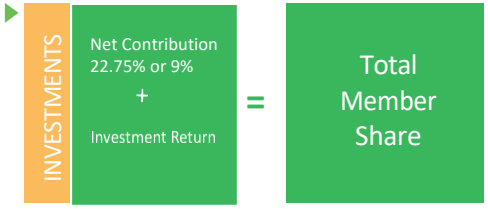




SECTION 13A

Section 13A of the Pension Funds Act (PFA) requires that employers pay contributions for a particular month within seven days after month-end, that they provide member schedules in respect of contribution payments to the fund and that compound interest is paid on late contributions.

Non- payment of contributions makes the accounting officer in the municipality to be held liable. Failure to pay contributions leads to risk benefits not paid when the member dies.



Both contribution options are subject to reduction in costs for risk and operational costs.

Update on Member Information by Municipalities

The Fund request that Municipalities in addition to the format of the contribution schedule that the payroll schedule is submitted to the Fund in order to verify and update the Funds records for each Member with regard to their ID, pensionable salary, applicable contribution rate and contact details, such as their email address and cell number. You can use the format below:

Name	Surname	ID no.	Salary/pay	Pensionable salary	Cell No.	Email address	Address

The pensionable salary is a critical piece of information to ensure that the correct contribution is paid and the correct premiums for that Member is paid to the insurer. In the event there is a death claim, the correct benefit can be paid (i.e. 3 x Annual Pensionable salary).

Member Benefit Statement

A Member Benefit Statement is provided to members annually. It will show your Total Member Share opening balance, member and employer contributions, investment returns and your Total Member share closing balance.
Members can request benefit quote any time from the Fund.

Investments

When saving money for retirement, it is important to maximize investment returns at an appropriate level of investment risk. Therefore, members' money in the Fund is invested in the right portfolio to ensure members' retirement savings grow as much as possible.

The Fund follows a diversified investment approach; this means that it has investments in different asset classes such as cash, bonds, property, alternative and assets and international investments. The portfolio structure is adjusted over the period between Municipal elections to ensure the appropriate balance of investment risk and return are maintained.

The investments of the Fund are constantly monitored by the Curators and the necessary adjustments are made were necessary.

The Curators advise members of the performance of the Fund investments from time to time in the Fund newsletters.

Withdrawal Benefits

What are my withdrawal benefit and options?

When you cease to be a Councillor and leave the MCPF, your Total Member Share in the Fund becomes due. Your age at date of exit will determine the options you will have, as directed by SARS (Refer below).

Will I get my Total Member Share?

Certain amounts may be deducted off your Total Member Share before your withdrawal benefit is paid. These include:

- Tax on the benefit (see Taxation section);
- Arrear tax and maintenance payments awarded via a court order;
- Amounts awarded to an ex-spouse via a divorce order;
- Losses suffered by the employer as a result of fraud and theft by the member, and in respect of which the member admitted liability in writing or a judgement has been obtained against him/her;
- Outstanding balance on housing loan obtained through MCPF.



If you are no longer a Councillor, you may decide to preserve your benefits and stay in the fund as a deferred pensioner. A deferred pensioner is a non-contributing member and does not benefit from the insured benefits of the fund, but their retirement saving continue to grow a net fund return.

Deferred members may take a withdrawal benefit before age 60 but must take a retirement benefit after age 60. If re-elected as a Councillor, you will stop being a deferred pensioner and again become a contributing member.



Members are encouraged to preserve their withdrawal lump sum benefits in a preservation fund, a retirement annuity or another pension fund as it will be transferred tax free.

Retirement Benefits

As this money would have to last you for the rest of your life, it is important that you don't take any decision at retirement lightly.

If you are age 60 or older, your exit will be treated as a normal retirement. If you are between 55 and 59, your exit will be treated as an early retirement, unless you elect to be treated as a withdrawal.

What is my normal retirement age?

If you are 60 or older, your normal retirement age can be any age when you cease to be a Councillor. A Councillor can become a member at any age.

Advantages and disadvantages of option 15% and 28.75%



The Fund would like to advise members on the disadvantages of contributing at a lower rate i.e. 15%. While a member may enjoy more money in their pocket now as a result of less contributions, the retirement benefit will be lower than someone contributing at 28.75%. Consequently, the higher your contributions the higher the return. This means that contributing at 28.75% instead of 15% of your salary, your retirement will have grown by a high margin. The more money you save the higher the growth in interest.

What are my options at retirement?

Age	Your Benefits	Your Options (see the taxation section on the next page)
Age 54 and younger If you are age 54 and younger, your exit will be treated as a withdrawal.	Your full member share, which is: • All your contributions, plus • A portion of the Council contributions, plus • All your Fund investment returns.	You have a few different options when you withdraw from the Fund: • Transfer your money to your new employer's pension fund • Transfer your money to a Retirement Annuity • Transfer your money to a Preservation Pension Fund • Take your money in cash, but be aware of the tax payable. A financial advisor may help you to make the best choice for you
Age 55 to age 59 If you are between age 55 and 59, your exit will be treated as an early retirement.	• Your full member share, which is: • All your contribution plus • A portion of the Council contribution plus • All your Fund investment returns.	At early retirement, you may take 1/3rd of your benefit in cash, the balance you must use to buy a pension from a registered insurer. The insurer will then pay you a monthly pension. You may however elect to rather be treated as a withdrawal from the Fund.
Age 60 and older If you are age 60 and older, your exit will be treated as a normal retirement	• Your full member share, which is: • All your contribution plus • A portion of the Council contribution plus • All your Fund investment returns.	At normal retirement, you may take 1/3rd of your benefit in cash, the balance you must use to buy a life-long pension from a registered insurer. The insurer will then pay you a monthly pension until you pass away one day.

Investment Advice

On leaving the Fund, it is recommended that you speak to a financial advisor to assist you with this important step.

Your age will determine how you will be exited from the Fund. This also determines the options you have and it is therefore imperative that you speak to a financial advisor to help you plan and make these important decisions. Appropriate financial planning will help to determine if you should:

- Transfer your money to your new employer's pension fund;
- Transfer your money to a Retirement Annuity or Preservation Fund; or
- Take your money in cash.

The Financial Advisory and Intermediary Services (FAIS) Act came into effect in 2004. The FAIS Act, for the first time, gives you protection against poor advice, and will help prevent advisors purely selling you a "financial" product. In terms of the Act, anyone and any institution selling a financial product or giving you financial advice for a fee or commission must, in dealing with you, meet certain minimum requirements, behave honorably, professionally and with due diligence, provide you with appropriate advice and is subject to disciplinary procedures if they do not adhere to the FAIS Act. All the major banks have qualified financial planners who can assist.

What does the Investment Advice form do?



INVESTMENT ADVICE OPTION FORM FOR MEMBERS WITHDRAWING FROM THE FUND:

The Board of trustees encourages all members of the Fund to seek professional Financial Advice on withdrawal from the Fund. The purpose behind this is to ensure that that each member's savings are invested optimally and that the savings sustains their personal needs post retirement.

You are therefore requested to fill in Part "A" if you already have a Fiotactil Advisor OR to fill in part "B" if you do not have a Fiotactil Advisor and would like help.

Municipality name: _____

A

I,..... ID no .....

understand the importance of seeking Financial Advice. I confirm that I do have a Financial Advisor and will approach them accordingly.

OR

B

I,..... ID no.....

understand the importance of seeking financial advice. I confirm that I do not have a Financial Advisor and that I undertake to find one. Alternatively I will contact the Financial Planning Institute at the following telephone number: 0861000374.

_____ _____

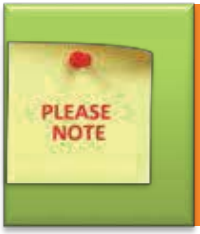
Member Signature Date

The form supports the Curators fiduciary responsibility to advise members to obtain professional financial advice before making any decisions at withdrawal or retirement.

Death Benefits

Death benefits provide dependents with a lump sum on the death of the income provider. A lump sum death benefit as specified below, will be payable as a lump sum on the death of the member, while in service of the employer, prior to termination age. At the death of a member of the MCPF, the following benefit is payable

3 Times Annual Pensionable Salary PLUS Total Member Share



Failure to contribute for 3 consecutive months will result on your death and funeral benefits being forfeited. For the 3 months you are not contributing, your premiums to the underwriter will be paid out of your total member share which will result on the reduction of your member share. If a member cease to contribute only the total members share is paid out on death.

The benefit will be subject to taxation and other preferential claims. The multiple of Final Pensionable Remuneration is an insured benefit and is subject to the conditions of the underwriter. The level of the insured benefit may be reviewed by the Curators in respect of the contributions that are available for this purpose, and could be increased if the claims experience is adverse. The cover ceases at the age of 90 years.

How will my benefit be distributed?

Section 37C of the Pension Funds Act and the rules of the MCPF state that in the event of a member's death, his/her benefits in the Fund shall be distributed as follows:

- To the dependants; or
- Dependants and nominees; or
- If there are no dependants and nominees, the benefit will be paid into the member's estate.

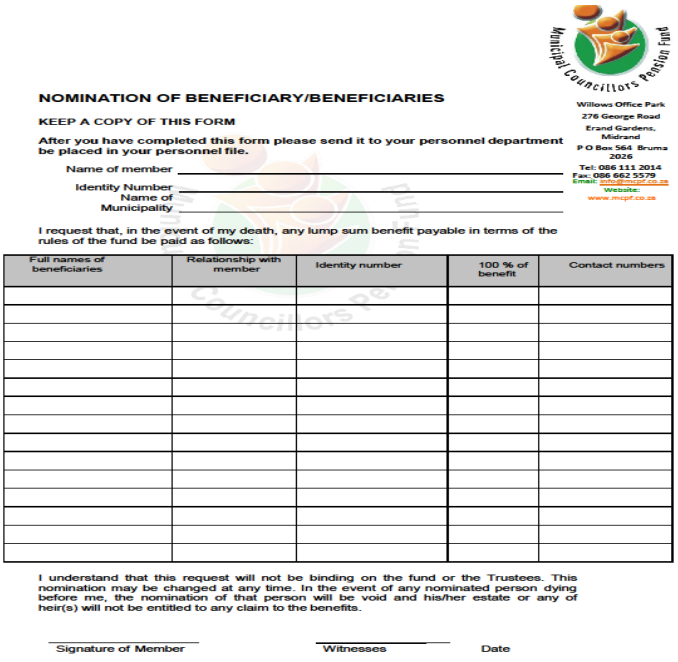
The Pension Fund Act requires the Curators of the Fund to conduct an investigation and distribute the benefit within a period of twelve (12) months from the date of receiving valid claim forms.

The Curators of the Fund are required to exercise a discretion in making its allocation and distribution of the death benefits. The discretion must be exercised in an impartial manner without fettering its discretion by considering irrelevant facts or disregarding relevant ones.

Beneficiary Nomination Form

An up-to-date beneficiary form enables your claim to be processed faster as the Fund is in a position to confirm all your dependants.

Beneficiary Nomination Form



Municipal Councillors Pension Fund

Willows Office Park
276 George Road
Erand Gardens,
Midrand
P O Box 564 Bruma
2026
Tel: 086 111 2014
Fax: 086 662 5579
Email: info@mcpf.co.za
Website:
www.mcpf.co.za

NOMINATION OF BENEFICIARY/BENEFICIARIES

KEEP A COPY OF THIS FORM

After you have completed this form please send it to your personnel department be placed in your personnel file.

Name of member _____

Identity Number _____

Name of Municipality _____

I request that, in the event of my death, any lump sum benefit payable in terms of the rules of the fund be paid as follows:

Full names of beneficiaries	Relationship with member	Identity number	100 % of benefit	Contact numbers

I understand that this request will not be binding on the fund or the Trustees. This nomination may be changed at any time. In the event of any nominated person dying before me, the nomination of that person will be void and his/her estate or any of heir(s) will not be entitled to any claim to the benefits.

Signature of Member _____ Witnesses _____ Date

When should I update my form

Our lives are constantly changing. Did you get married?, do have any children since you joined the MCPF? Perhaps you adopted a child or now have a person who is financially dependents on you who was not when you initially joined the Fund? Maybe you have lost a child or a spouse or got divorces since becoming a member of a Fund?

What happens if I have no dependants?



If your circumstances change and you have new dependants, please update your nomination of beneficiary form to reflect such changes.

You still need to complete the nomination of beneficiary form. You will therefore not list any dependants on the form, but only nominees.

Where do I get my Nomination of Beneficiary Form?

Please find a copy of the nomination of beneficiary form from MCPF website www.mcpf.co.za or obtain one from your HR representative.
A copy can also be sent to you if you contact the front office.

Am I covered for death after I leave the Fund?

No, there are no benefits for death after you have ceased to be a Councillor.

Funeral Benefits

Funeral benefits pay towards the cost of a funeral and reduce the financial burden when a family member dies. A funeral benefit lump sum will be payable on the death of the family members specified below:

A Primary Insured Person	R40 000
An Insured Spouse	R40 000
An insured Child aged 14 years and over	R30 000
An Insured Child aged 6- 13 years	R20 000
An Insured Child under age 1 -5 years	R10 000
Still born Insured Child to 11 Months	R10 000

Up to a maximum of 3 Spouses and 7 children. Upon death of the main members, the Insurer will issue a paid up certificate after the death benefit will have been paid to the dependents. The certificate will contain the details of the benefit paid. The cover ceases at the age of 90 years. In addition to this benefit the insurer will repatriate the body of the deceased to the place of burial as determined by the family.

Nomination of Beneficiaries (NOB) for Funeral Benefits

All contributing members of the Pension Fund are expected to nominate a beneficiary/ies who will be able to claim for the funeral benefits in terms of the Short Term Insurance Act. Consequences of not having an NOB at the time of death- funeral benefit to be paid on the member estate. Get the SANLAM nomination form from www.mcpf.co.za or Annexure A

Paid up benefits on death of member

On death of a member, the surviving spouse and children's funeral benefits will continue until the cover cease age of the member (had he survived). Children's cover will also cease when they reach the maximum eligibility age. Premiums will be waived for this cover.

Two Pot System

The two-pot retirement system is a reform that will allow retirement fund members to make partial withdrawals from their retirement funds before retirement, while preserving a portion that can only be accessed at retirement to help improve retirement outcomes. This means members need not resign to access part of their retirement benefit if they are in financial distress. This reform came into effect on 1 September 2024.

Different Pots	Explanation
Pre two Pot to Vested Pot	Your Fund Credit as at 1 Sep 2024 on this pot. Any amount transferred from a 'pre-two pot retirement savings account' from another retirement fund. At 1 September 2024, seed capital of the lesser of 10% of your Fund Credit or R30,000 will be transferred frm this pot to your Savings Pot. This means that the remainder after deducted seed capital of R30 000 will not be held on the Retirement Pot (Member will be able to access the vested Pot when exiting provided you have noy yet reached retirement age of 60 years)
Savings Pot	Seed Capital from 'Pre-Two Pot Savings': the lesser of 10% of a member's Fund Credit as at 31 August 2024 or R30,000. With effect from 1 Sep 2024: one-third of your contribution (net of risk premiums and fund related fees) will be invested in the Savings Pot and its accessible once a year to withdraw. Any amount transferred from a Savings Pot in another retirement fund. The investment return on these amounts. **NB: any withdrawal is subject to tax at your marginal income tax rate, which means the full amount withdrawn will not be paid to you as the amount due to SARS will be paid first).**

Retirement Pot	With effect from 1 Sep 2024: two-thirds of your contribution (net of risk premiums and fund related fees) will be invested in the Retirement Pot. Any amount transferred from a Retirement Pot in another retirement fund. Any amount a member elects to transfer from their Pre-Two Pot Savings or Savings Pot into their Retirement Pot. The investment return on these amounts You can only access this pot when you reach a retirement age of 55 and above.

DOCUMENTS TO ATTACH TO THE TWO POT CLAIM FORM

- Complete two pot system form and Opt in form for Members who were 55 years and older on 1 March 2021 and wish to opt-in to the two-pot retirement system, must formally elect to do so.
- Clear, certified copy of your identity document/s, and/or both sides of your identity card.
- Bank confirmation letter (or current bank statement) not older than three months
- Divorce and/or Maintenance Court Orders and Annexures (if applicable).
- Tax confirmation letter
- . Please send the completed form to twopotclaim@mcpf.co.za

Definitions

Child: The member's natural or legally adopted child (including a posthumous child of a member); provided such child is under the age of 21 years and unmarried. A married child or a child who has turned 21 may continue to qualify as a child if he or she suffers from a defect of mind or body and is financially dependent on the member. A married child or a child who has turned 21 may continue to qualify as a child up to and including the age of 25 years if he or she continues in full time education.

Stillborn: A child will be regarded as a stillborn child if death occurs after the 26th week of pregnancy but before a live delivery.

Spouse: A person who is married to the member.

Marriage: A union recognized as a marriage in accordance with any law or custom, including:

- a customary marriage concluded in accordance with customary law;
- a union recognized as a marriage under the tenets of any Asiatic religion;
- a permanent life partnership, provided that the underwriter receives satisfactory proof that a permanent life partnership had been established in which the partners to such relationship had been living together for at least the last six months. All the members' qualifying spouses will be covered, but a maximum of three claims per member will be allowed.

How do I claim my benefits?

Withdrawal benefit

Leaving the fund and claiming your benefits is made easy with the below advice on how to finalise your claim.

What do I do?

If you are not re-elected or you have resigned as a councillor, please contact your HR department. They will assist you to complete a Termination of Membership Form, which they will forward with your supporting documents to the MCPF for processing. Remember that your claim form must be signed by you and the employer (Authorized HR Manager/Finance Manager). Termination of Membership Form, requires you to insert your banking details, this must be taken to your bank to verify after which the bank will stamp the form confirming the details.

What other documents/information do I need to submit?

NB: The following documents must accompany your completed termination of membership form and will be forwarded by your HR department to the MCPF:

- A certified copy of your Identity book;
- Make sure your correct tax number is supplied;
- Recent certified Bank statement;
- Members retiring must provide detail of their option to take 1/3 cash or transfer full portion to a Retirement Annuity;
- The Investment Advice Form signed by you;
- Retirement Annuity details must be provided;
- Members opting to transfer their withdrawal benefit to another approved Pension/Provident Fund must provide details of the approved Fund;
- Authorized signatory form and confirmation letter of exit from.

How long will it take?

The process is dependent on where there are no outstanding documents or queries with your Municipality and South African Revenue Service (SARS). It is therefore important to know that the time it takes to finalise your claim is determined by:

- Whether your tax affairs are in order with SARS (your benefit cannot be paid until ALL your outstanding personal and other tax matters have been finalised with SARS);
- Whether your Municipality submitted all the contribution schedules to the MCPF (without this information, the MCPF cannot determine your correct benefit);
- Whether your Municipality indicated your exit on the contribution schedules; and
- Whether your Municipality reconciled the contribution schedule to the payment deposited into the bank account and notified the MCPF.

If the above is in order, your claim will be processed within 4-6 weeks.
You cannot claim your benefit if you've been re-elected.

Funeral benefit

The following originally certified copies of required documentation must be submitted:

1. Duly completed application form for funeral benefits;
2. Originally certified copy of the deceased's identity document or birth certificate;
3. Originally certified copy of the deceased's death certificate;
4. Originally certified copy of the applicant's identity document;
5. Bank statement from applicant stamped by your bank (confirmation of banking details);
6. Originally certified copy of the witness's identity document;
7. Proof of marriage
    a. Customary marriage - Letter from Tribal Chief confirming the marriage and lobola affidavit or registration of customary marriage
    b. Originally certified copy of legal marriage certificate.

All documentation and certified copies of the above should be completed and forwarded to the MCPF. Should any certified documents not be immediately available, a letter indicating the steps to be taken to obtain the outstanding certificates should accompany the set of completed forms in the meantime.
All original documents submitted will be returned.



The MCPF must be notified of the death within six months of the date of death, as the insured benefit will not be paid thereafter.

Death benefit

The following documentation must be submitted in full with each application of death benefits:

1. Duly completed Death Claim Application form;
2. Only completed application for death benefits. To be completed by each nominee;
3. Termination of Service Form;
4. Originally certified copy of the deceased's identity document;
5. Originally certified copy of the deceased's death certificate and notification of death - BI1663;
6. Originally certified copy of the applicant's identity document;
7. Bank statement from applicant (confirmation of banking details);
8. Originally certified copy of the witness's identity document;
9. Proof of marriage:
    a. Customary marriage - Letter from Tribal Chief confirming the marriage and lobola affidavit or registration of customary marriage
    b. Originally certified copy of legal marriage certificate
10. Children's birth certificates.



In the event of the main member or spouse passing away documents **1 to 7** are required.

The Fund must be notified of the death within six months of date of death, as the insured benefit will not be paid thereafter.

All documentation and certified copies of the above should be completed and returned to MCPF. Should any certified documents not be immediately available, a letter indicating the steps to be taken to obtain the outstanding certificates should accompany the set of completed forms in the meantime.

Funeral claims will be settled within 48 hours, after receiving all required documents.

The policy covers:

- A maximum of 7 children (including adopted children) up to the age of 21 years, or up to the age of 25 years, provided proof of full time attendance of a recognized school or tertiary institution are produced annually.
- Unmarried mentally or physically disabled children, who are totally dependent on the main member, remain covered for as long as the policy is inforce.
- When the principal member dies whilst being a member of the Fund, the spouse and children will continue to be covered without any premiums payable. The funeral benefit becomes Paid-up as specified in the policy of the registered insurer. The Paid-up policy application forms need to be completed at the same time as when completing application for funeral benefits.
- The policy covers up to a maximum of 3 spouses. The policy does not cover extended family members.



The funeral benefits ceases when a member exits the MCPF.

Divorce Orders



It is your responsibility to notify the Fund of an existing divorce decree in order for the Fund to endorse your record and deduct the prescribed portion (%) payable to the non-member spouse. The portion in the divorce decree will be deducted from your total member's share.

When will the benefit be paid to my ex-spouse?

The payment will be processed once you've provided the Fund with your valid decree of Divorce. This should happen as soon as possible after the date of divorce. The ex-spouse pays the tax on his or her benefit.

Pension Backed Housing Loans

33% of a member's fund withdrawal credit can be used as surety or collateral for housing loan purposes. This benefit is provided by third party Bank to MCPF`s members. The home loan is one of the value add benefits for our members but the Fund is not party to the loans from the Bank and that it is in their sole discretion to issue a loan based on their qualifying criteria.

The application form must be accompanied by the following FICA documents:

1. A clear copy of your certified identity Document;
2. A valid Proof of Residence document that is not older than 3 months;
3. 3 most recent pay slip;
4. 3 months Bank statement;
5. Confirmations of the fund credit amount or the latest fund benefit statement;
6. Proof of homeownership (Not older than 12 months;
7. Proof of document confirming purpose of loan - not older than 3 months.

The role of Municipalities is to deduct monthly payments and pay it over to the Bank that offered Housing Loans while the member is still serving as a Councillor.

Should the member terminate his/her service the Municipality will send a termination form to the Fund after which the Fund will be responsible to settle the balance of the loan as per the rules of the Fund.

Pension Backed Housing Loans are provided in terms of Section 19(5) of the Pension Fund Act, No 24 of 1956 through recognized Banks of South Africa and all applications for housing loans are dealt with by the bank in terms of the National Credit Act (NCA), No 34 of 2005.

Although the Fund stands as surety or collateral, all members are subjected to the National Credit Act in terms of the South African banking laws.

National Credit Act

The purpose of the NCA is to regulate credit and aims, amongst others, at:

- Protecting consumers from becoming over-indebted;
- Preventing dubious lending practices;
- Making sure that credit is extended by lenders in a transparent and responsible manner; and
- Ensuring that the rights of consumers are safeguarded.

The Pension Backed Housing Loan facility may only be used for housing purposes such as:

- Buying an existing home (rural or urban);
- Building a new home (one can use their own builders and materials);
- Improving an existing home;
- Using the funds for a deposit or attorney's fees for a new home purchased
- The property must be owned by a member and must be used as a the primary residence of the member and/or their dependants
- It is illegal to use the money for anything else.

20 Morris Street
703 Woodmead Office Park
(Office F8)
Woodmead
Tel: 011 220 0000
Email: info@mcpf.co.za;
Website: www.mcpf.co.za

MEMBERSHIP TERMINATION FORM

SECTION A (must be completed in all exits)

1. **MEMBER DETAILS**

First names:	
Surname:	
Identity Number:	
Date of Birth:	
Date of Joining the Fund:	
Membership Number:	
Member Tax Number	

OFFICIAL STAMP OF MUNICIPALITY

Member contact number		Date of last contribution	
Member email address		Last salary	
Municipality			
Marital Status *(If divorced please attach a copy of the divorce order)*	Married: ☐ Single: ☐	Widowed: ☐	Divorced: ☐ In process: ☐

2. REASON OF TERMINATION

Tick the Applicable one	Reason	Applicable Section
	Withdrawal, (resignation, discharge, end of municipal term or any circumstances not provided for in the rules)	Complete section B
	Retirement, (end of municipal term after member reaches 55 years, reaching retirement age of fund)	Complete section C

Member Signature_____ **Date**_____

SECTION B

WITHDRAWAL BENEFIT

Date of termination:	
Reason of termination (e.g. dismissal, resignation, term-ends):	
Age of member at date of termination:	

Tick applicable Option	**Member Elects to:**
	Receive the benefit as a lumpsum
	Transfer the benefit into a Retirement Annuity Fund
	Transfer benefit into a preservation pension fund
	Transfer the benefit into another registered pension fund
	To leave the benefit in the fund and become a deferred pensioner

SECTION C

RETIREMENT

Date of termination:	
Age of member at date of termination:	

Member election on payment of benefit

Tick applicable option	**Manner of payment of benefit**
	To receive a lump sum payment of up to one-third (1/3) and balance used to purchase an living annuity with an Insurer (2/3)
	Purchase an annuity with full benefit

Details and contact number of insurer with which an annuity is purchased:	
Policy No.:	
Contact person and Details	

Bank Details (Please attach proof of Banking Details/ Bank Stamped confirmation of Account)

Name of Account Holder		Signature:	
Bank:		Account Number:	
Branch Name & Code		Type of Account:	

DECLARATIONS

We the undersigned, Officials hereby confirm that the Member is no longer in the employ of the Municipality and that information provided above is true and correct:

Full Name & Surname:…… Signed:…… Date:…….

Full Name & Surname:…….. Signed:…… Date:…….

Contact Us

Details for the Municipal Councilors Pension Fund

20 Morris Street

703 Woodmead Office Park

(Office F8)

Woodmead

Tel: 011 220 0000
Email: info@mcpf.co.za
Website: www.mcpf.co.za

Postal address:
P.O.Box 564
Bruma
2064

@MunicipalCPFund

www.facebook.com/municipalcouncillorspensionfund

NB: Please note that everything possible was done to ensure the accuracy of this booklet. However, should discrepancies arise; the official rules of the Fund will apply at all times.

FAQs for Active and Exited Members and Beneficiaries of MCPF

Q: How do I obtain the necessary forms for all benefits?

A: MCPF can fax, mail or e-mail all the forms to you or you can print the form you need from the website (www.mcpf.co.za).

Q: I need to complete my tax assessment in time for SARS. I am still awaiting an IRP5 document. Could you kindly tell me how to obtain my IRP5 certificate?

A: You can contact MCPF on 086 111 2014 - they are responsible for general enquiries, including IRP5 certificates.

Q: When I die, what should my spouse or beneficiaries do to claim the benefits that are payable to them?

A: Your family must complete all the necessary forms and attach all the necessary documents relating to the death of a member. These forms are available at the relevant municipality's HR department, alternatively call MCPF for further assistance or direction.

Q: Where can I obtain a (Withdrawal from the Fund) Should I then resign, the respective form can be immediately submitted.

A: If you resign, the Withdrawal must be submitted by your Human Resources department to MCPF. Should you pass away, your relatives can obtain the relevant forms from the HR department of the relevant municipality, or on our website (www.mcpf.co.za). Alternatively, they can contact MCPF on 086 111 2014.

Q: What is member share?

A: Member share is the value of your accrued benefits in the Fund. Since MCPF is a defined benefit fund. It is calculated based on what you put in less the risk cost plus the interest earned.

Q: My finances have come to a crisis level and i wonder if I could borrow R10 000 from MCPF? Can you please help - I need this for my family?

A: Unfortunately, MCPF does not lend money to any member. However we do have a housing loan facility, facilitated by Standard Banks where members may access a third of their member share if they qualify as a collateral.

Q: What is the difference between a pension fund and a provident fund?

A: In a pension fund (MCPF), at least two thirds of the final benefit must be paid as a pension for the rest of the pensioners' life. A maximum of one third of the final benefit may be taken as a once-off lump sum or cash payment if a member has attained retirement age of 60. In a provident fund, the full amount of the benefit available at retirement may be taken as a lump sum cash payment, irrespective of whether this benefit is calculated on a defined benefit or a defined contribution basis.

Q: I have worked for a private company and belonged to a provident fund there. Now that I have joined government, is my credit in the fund transferable to MCPF? A: The rules of MCPF do allow for a person who was a member of an approved retirement fund to transfer into MCPF.

Q: Assuming I retire or resign, what are the tax implications on my benefits? Am I going to receive my whole gratuity or only part thereof?

A: Tax is payable on your benefits. Annuities are taxed as income. A part of your gratuity will be eligible for tax relief.

Q: If I were to be medically boarded, how do I go about claiming my benefits?

A: Unfortunately MCPF doesn't have the benefit.

Q: What are the definitions of the words annuity and gratuity?

A: An annuity (or monthly pension) is an amount that is paid regularly, i.e. monthly. A gratuity

(or lump sum) is a single once-off payment of a benefit in cash. Benefits from MCPF take the form of an annuity or a gratuity or both depending on age or choice.

Q: What is my contribution rate and that of my employer?

A: Normal members contribute into the Fund at a rate of 13, 75% of their pensionable earnings. Employers contribute 15 % of a member's pensionable salary to MCPF, which translate to 28.75% of the pensionable salary in line with the upper limits.

Q: Please explain the difference between a defined benefit and defined contribution fund. A: A defined benefit fund is a fund where the benefits are defined in terms of the rules. In this type of fund benefits are generally guaranteed and are not dependent on the investment returns of the fund or on the level of employer contributions. MCPF is a defined contribution fund. A defined contribution fund is a fund where the benefits are mainly based on the accumulation of contributions plus investment returns. Benefits are dependent on the level of investment and bear the risk of poor investment returns.

Q: Is my contribution linked to inflation?

A: Your contribution is a percentage of your pensionable salary. If your salary increases, so will your contribution. The total contributions is then linked to inflation as this is a defined contribution fund.

Q: If I die, how are my benefits distributed and how can I be sure that all my beneficiaries get their rightful share?

A: If you die, a once-off cash lump sum benefit will be divided between your nominated beneficiaries in the proportions indicated by yourself on your Nomination of Beneficiaries form. It is therefore important to nominate beneficiaries and to keep your Nomination of Beneficiaries form up to date; this form is available from your Human Resources department as well as on MCPF website. This ensures that the Trustees of MCPF know who you would like to receive your death benefits.

Q: How can I find out how much I have contributed to the Fund?

A: MCPF is a defined contributions fund. This means that your benefits in the Fund is based on the amount of money that you have contributed to the Fund. However, the distribution of benefit statements, is done annually after the audit.

Q: If I am transferred from one municipality to the other, do my benefits get added together?

A: Yes. Your pensionable service will continue uninterrupted and your benefits will accumulate with service as before.

Q: When can I retire?

A: This depends on your conditions of service with your employer. Generally, conditions of service state that you may retire without any reduction of benefits at age 60. This is known as the Normal Retirement Age. Your retirement age may be different. You may also retire up to 5 years earlier -55 (this is known as early retirement).

Q: What forms do I need to complete if I want to withdraw from the Fund? A: If, on exit from service with your employer, you want to take your withdrawal benefit in cash, your Human Resources department needs to complete a Withdrawal/Termination from Fund form. You may not withdraw from the Fund and remain in the service of any municipality as a councillor.

Q: Who bears the cost of the newsletters and publications – is it the Pension Fund; and does this mean that we earn less interest?

A: The cost is recovered from the Fund. However, since this is a defined contribution type fund, your benefits are calculated based on your contributions less operational costs plus interest.

QQ: Do I have the option to invest in a private pension fund when I retire?

A: Yes when you retire and no more a councillor it is your choice how or where you transfer the money.

Q: Can I add more money to the pension fund?

A: Yes, MCPF does accept additional voluntary contributions.

Q: Will I also get my UIF contributions when I retire?

A: Unfortunately not. The Unemployment Insurance Fund is completely different from the pension fund. UIF provides for some sort of income if you are unemployed and is similar to an insurance policy.

Q: My pay slip does not indicate a pension number indicates MCPF.

A: Your pension number is indicated on your membership card, certificate of membership and on the benefit quotation or statement. Please contact MCPF if you want any clarity.

FAQs for Pensioners of MCPF

Q: When I retired, I never received my unpaid leave owning to me from MCPF. How do I go about claiming this benefit?

A: Please contact your employer as they deal with leave gratuities. These are not paid out simultaneously with your pension pay out from MCPF. MCPF only handles pension-related matters.

Q: Please explain the difference between a defined benefit and defined contribution fund. A: A defined benefit fund is a fund where the benefits are defined in terms of the rules. Benefits are generally guaranteed and are not dependent on the investment returns of the fund or on the level of employer contributions. MCPF is a defined contribution fund. A defined contribution fund is a fund where the benefits are mainly based on the accumulation of contributions plus investment returns. Benefits are dependent on the level of returns therefore the member bears the risk of poor investment returns in such funds.

Annexure A

Contribution Rate (please tick)

28.75%		15%	

NEW MEMBER ADMISSIONS SUBSCRIPTION FORM

Municipal Councillors Pension Fund

20 Morris Street
703 Woodmead Office Park
(Office F8)
Woodmead

Tel: +2 7 (0)86 11 1 20 14
Fax: +2 7 (0)86 66 2 55 79
Em ail: info @mcpf.co.za

Website: www.mcpf.co .za

The information below must be identical with that on your identity document

A. PERSONAL DETAILS

Surname:

Full names:

Mr. Mrs. Miss Dr Prof Date of Birth:

ID Number:

Marital Status Gender **M / F**

Position Tax Number

Municipality

Province

B. ADDRESS DETAILS

Physical Address:

Code:

Postal Address:

Code:

E-mail Address:

Cell No. :

Telephone:

C. EMPLOYMENT DETAILS

Name of Municipality: _____

Date of Election/Appointment:_____ Employee Number : _____

Annual Pensionable Salary : _____

KINDLY MAKE SURE YOU READ THE RULES OF THE FUND FOR BETTER UNDERSTANDING OF THE BENEFITS THE FUND OFFER.

D. MEMBER CERTIFICATION (TERMS AND CONDITIONS)

I_____(member) agree that:

1. I have read and understood the Rules of the Fund; the Membership obligations and benefits of the Fund as stipulated in the Fund's Members Guide (also available on website www.mcpf.co.za; *at the Fund offices and Municipality's HR Department).*

2. I am aware of my obligation to adhere to the Rules of the Fund and honor contributions to the Fund as stipulated in the rules of the Fund, and subject to Pension Fund Act of 1956.

3. I am familiar with the benefits offered by the Fund as stipulated in the Fund's members Guide (also available on website www.mcpf.co.za; *at the Fund offices and Municipality's HR Department)*.

4. I am aware of how to contact the Fund, in relation to a complaint or service issue.

5. I acknowledge that this application is subject to the rules of the Fund.

Signature (member) _____

Signed at	on this	day of

E. CERTIFICATION OF PARTICULARS (For Official use by the Municipality only)

Being duly authorized, I certify and confirm that:-

1. The particulars on this form have been verified against the relevant documents and records are true and correct;
2. The Municipality agrees to pay all contributions due in respect of the Councillor in terms of the Rules of the Fund.

Full Name: _____

Designation: _____

Tel No:_____Email Address: _____

Municipal signature		Date:

Official Stamp of Local Authority

Municipal Councillors Pension Fund

20 Morris Street
703 Woodmead Office Park
(Office F8)
Woodmead

P O Box 564 Bruma 2026

Tel: 086 111 2014
Fax: 086 662 5579
Email: info@mcpf.co.za
Website:
www.mcpf.co.za

NOMINATION OF BENEFICIARY/BENEFICIARIES

KEEP A COPY OF THIS FORM

After you have completed this form please send it to your personnel department be placed in your personnel file.

Name of member _____

Identity Number _____

Name of Municipality _____

Member contact and email _____

I request that, in the event of my death, any lump sum benefit payable in terms of the rules of the fund be paid as follows:

Full names of beneficiaries	Relationship with member	Identity number	100 % of benefit	Contact numbers

I understand that this request will not be binding on the fund or the Trustees. This nomination may be changed at any time. In the event of any nominated person dying before me, the nomination of that person will be void and his/her estate or any of heir(s) will not be entitled to any claim to the benefits.

_____ _____

Signature of Member Witnesses Date

Funeral Insurance: Beneficiary Nomination Form

Name of Policyholder: _____ **Code** _____

Name of participating employer or branch _____

Important Notes: All references to insured will mean either employee or fund member.

This form must be completed by you, the insured, when:

- The group risk insurance commences in terms of the policy.
- There is a change in the information regarding your nomination of beneficiaries, as indicated in *Section C*.

In the absence of a beneficiary nomination form, the insurance benefit will be paid to your estate. It is important to *review* the information at least annually to ensure that information is accurate and up to date, i.e. accommodate life events, for example, on getting married or divorced, birth or adoption of a child; and when a beneficiary's contact information changes.

This form is not acceptable if it contains alterations, and any changes must be submitted on a new form.

Please give your completed form to your employer for safekeeping and ensure that the form is updated when applicable. In the event of your death, a copy of the latest form must accompany the death claim documents submitted to Sanlam.

A Particulars of insured *(To be completed by the employee)*

Surname _____

First name and further initial(s) _____

Identity number/Passport number _____

Please note: Passport number only if not in possession of a valid RSA identity document.

Date of birth _____ *(dd/mm/ccyy)* Gender: Male ☐ Female ☐

Marital status: Single ☐ Married ☐ Divorced ☐ Co-habiting ☐ Widowed ☐

Employee number _____ Commencement date of insurance: _____

Address: _____

_____ Postal code: _____

B Disclosure

Protection of Personal information

Sanlam Life Insurance Limited ("Sanlam Life"), a subsidiary of Sanlam Limited, will process and protect your personal information as required by relevant laws and the constitution of the Republic of South Africa ("RSA").

We may send your personal information to service providers outside of the RSA for storage or further processing on Sanlam Life's behalf. We will however not send your information to a country that does not have information protection legislation similar to that of the RSA, unless we have a binding agreement with the service provider which ensures that it effectively adheres to the principles for processing of information in accordance with the Protection of Personal Information Act No 4 of 2013.

For more information, please refer to the Sanlam Group Privacy Notice.

C Nomination of beneficiaries *(Only applicable in the case the insured dies)*

I hereby nominate the following beneficiaries to whom the funeral benefit must be paid in the case of my death:

Please note: Beneficiaries must be older than 18 and hold a bank account in the Republic of South Africa into which the benefit will be paid.

Beneficiary #1 is the person you would appoint to receive the funeral benefit after your death; beneficiary #2 would be the person to receive the funeral benefit in the case where Beneficiary #1 predeceased you.

In the case where the nominated beneficiaries predeceased you, the funeral benefit will be paid to your estate.

	Full name and surname	Relationship	Identity number	Date of birth	Address	Telephone number	E-mail address
1							
2							

Declaration by insured

I, hereby revoke all my previous nominations and now nominate the person(s) mentioned to receive the benefit(s) payable in the event of my death in terms of the policy, or such portion thereof as is specified, subject to the provisions of the policy.

Signature of insured _____ Witness 1 _____

Witness 2 _____

Date _____ *(dd/mm/ccyy)* Place _____



Tel: 086 111 2014
Website: www.mcpf.co.za