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MUNICIPAL COUNCILLORS PENSION FUND

The Municipal Councilors Pension Fund (MCPF) is an autonomous body associated with all Municipalities in South Africa exclusively designed for Councilors. The Fund is currently managed by the elected Board of Trustees.

Members are 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 contributions are determined in accordance with the determination of upper limits of salaries, allowances and benefits of different members of Municipal Councils provided for by the Remuneration of Public Office Bearers Act, 1998.

The Fund formally requests Municipalities to submit contribution schedule with the below information in order to verify and update the Funds records for each member:

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

SERVICE OFFERING

The MCPF provides a retirement savings vehicle exclusively for Municipal Councilors. All Councilors of a participating Municipality are entitled to be members, regardless of their age.

Members are provided with the following benefits:

- Retirement
- Death Benefits
- Funeral Cover
- Terminal illness benefit
- Housing Loan Collateral

FUNERAL BENEFITS

Cover for Spouse and children

R40 000 for the main member and spouse
R 30 000 for children aged 14 to 21
R 20 000 for children aged 6 to 13
R 10 000 for Children 1 to 5
R 10 000 for Stillborn to 11 Months

BENEFITS

- ✓ **Death benefit**- **3 x** Pensionable salary
- ✓ Members are covered up to 90 years
- ✓ **Terminal Illness**- full acceleration of the lump sum death benefit that is payable when the member is diagnosed with a terminal illness
- ✓ **Housing Loan**- 33 % of member fund credit on Housing Loan

Contributions- An example of cost breakdown

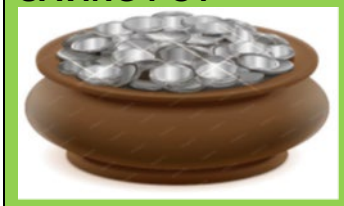
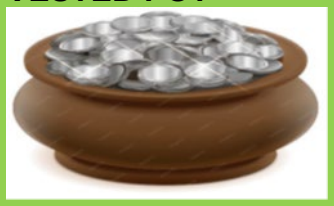
OPTION 1	OPTION 2
EXAMPLE 1: R 207 455 Annual Salary/12= R17 287.91 per month Member contribution: 7.5%= R1296,59 Council Contribution: 7.5% = R 1296,59	**EXAMPLE 2:** R 207 455 Annual Salary/12 = R17 month Member contribution: 13.75 % = R Council Contribution: 15% = R 2593.19
Total contribution: 15% = R 2593.18 Less Risk & Operational costs: 6% (R1037.27) = R 1555.91	Total contribution:28.75% = R 4970.28 Less Risk & Operational cost: 6% (R1037.27) = R 3933.01
- - GLA cost = 3.17% - Operational cost = 2.83% - Total Costs = 6% **Allocation to member = 9%** Plus interest and investment return = Total Member Share	- GLA cost = 3.17% - Operational cost = 2.83% - **Total Costs = 6%** **Allocation to member = 22.75%** Plus interest and investment return = Total Member Share

Becoming 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 a beneficiary nomination form.*
- ✓ *To qualify for the full benefits, your first contribution needs to have been received by the Fund timeously.*
- ✓ *Your date of joining will however reflect as the 1st day of that respective month, even though your contribution will only be paid on or before the 7th day of the following month.*
- ✓ *Once the Fund has received your first contribution your member certificate and member guide will be issued*

TWO POT RETIREMENT SYSTEM IMPLICATION ON EXITING MEMBERS

The two-pot retirement system is a reform that allows 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.

SAVING POT	VESTED POT	RETIREMENT POT
		

- Members younger than 55 years may access funds in their Vested Pot and Savings Pot. Their Retirement Pot must remain preserved and can only be accessed from age 55 as an early retirement benefit. Applicable tax will be deducted in accordance with SARS tax rules.
- Members aged 55 to 59 years may access funds from all three components, namely the Savings Pot, Vested Pot, and Retirement Pot. Applicable tax will be deducted in accordance with SARS tax rules.
- Members aged 60 years and older are regarded as having reached normal retirement age. Upon retirement, one-third (1/3) of the total member share may be taken as a lump sum, while the remaining two-thirds (2/3) must be used to purchase a life annuity, which will provide a monthly pension income for the remainder of the member's life.

Appointment of Alexander Forbes as an Investment Consultant

As the Fund enters the next municipal term, the Board has appointed Alexander Forbes as the Investment Consultant to provide professional guidance on the implementation of the investment strategy and asset allocation. This appointment strengthens the Board's decision-making capability and supports prudent, well-informed investment oversight. Over the long term, the partnership is expected to enhance investment performance, capital preservation, and sustainable growth in member benefits, thereby improving member outcomes and reinforcing confidence in the Fund.