

2020 Annual Newsletter



MESSAGE FROM THE CHAIRMAN

Dear member,

The year 2020 will be remembered by the impact of the Covid-19 pandemic and the effect thereof on our normal lives. What used to be normal has been changed significantly and we all had to adjust to a new normal.

Obviously, everybody would like to know how the Covid-19 virus affected their savings. We appreciate the fact that, for most members, retirement savings are the major savings of their lives as they will depend on these savings when they retire from their employment.

Fortunately, we have invested in the Momentum Smooth Bonus portfolio which provides a guarantee to members of capital preservation during these challenging times. When benefit payments are to be made, such benefit payments will be made on full value to the member's asset value. In these uncertain times the Smooth Bonus investment choice is meeting our member's needs in providing smooth returns and removing the volatility that would be experienced in alternative market linked investment portfolios. Most importantly, Smooth Bonus gives members a smoother ride to their destination of retirement.

Attached to the 2020 Annual Newsletter is your Benefit Statement as well as a Beneficiary Nomination form. Please ensure that the Nomination form is completed and a copy sent to your HR department and another copy to the office of the Fund.

The Board would like to thank you for entrusting your lifetime investment with the Fund, and would also like to take this opportunity to wish you and your families a happy 2020 festive season and a prosperous 2021.

Malope Mokalapa
Member Trustee and
Chairman of the Board



IMPACT OF THE COVID-19 PANDEMIC AND THE EFFECT ON RECENT MARKET COLLAPSE ON MOMENTUM SMOOTH BONUS PORTFOLIOS

Over the last couple of months, we have seen massive declines in both the South African and Global equity markets largely due to the impact of the Covid-19 pandemic. People are dealing with many uncertainties, including how this has impacted their retirement savings.

In our smooth bonus portfolios, Momentum guarantees not only that the bonuses on investments will not be less than 0% after fees, but also that benefit payments will be paid at Fund value. These being the key reasons that we have invested in the Momentum Smooth Bonus portfolio. Such conditions remain effective in such trying economic conditions, hence materially reducing the anxiety associated with being invested.

The Fund remains committed to protecting our investments in providing smoothed returns, non-negative bonuses and guarantees on benefit payments.

FINANCIAL RESULTS

The Fund's Annual Financial Statements as at 31 January 2020 were audited and the Fund received yet again an unqualified audit report. The Annual Financial Statements were approved at a recent Board of Trustees meeting and the audited Financial Statements were submitted to the FSCA.



TAXATION ON BENEFITS



The amount of income tax you have to pay on benefits payable from the Fund changes from time to time. Please refer to the two tables below to see how benefits are taxed should you resign, get retrenched, retire or pass away.

Taxation on withdrawal from service before age 55

The applicable tax table for withdrawal benefit is as follows:

Rate of Tax	Lump Sum Withdrawal Benefit
0%	R0 to 25 000
18%	R25 001 to R600 000
27%	R600 001 to R900 000
36%	R900 001 and above

Taxation of retirement, retrenchment and death benefits

The tax-free benefit was maintained at R500 000. The applicable tax table:

Rate of Tax	Retirement, Retrenchment or Death Benefits
0%	R0 to R500 000
18%	R500 001 to R630 000
27%	R630 001 to R945 000
36%	R945 001 and above

It is clear from the two tables that if you cash in your withdrawal benefit before age 55 you will be heavily penalised as far as taxation is concerned. Members are encouraged to consider transferring their accumulated benefit to their new employer or to transfer to a Provident Preservation Fund.

MANAGEMENT AND ADMINISTRATION OF THE FUND

The Fund is managed by a Board of Trustees. The duties and powers are as provided by Section 7 of the Pension Funds Act. The Board is assisted by the Principal Officer who is appointed by the Board in terms of Section 8 of the Pension Funds Act.

Fund Administrators

Momentum Metropolitan Retirement Fund Administrators

Risk Underwriters

Momentum Metropolitan Underwriters
AIG South Africa (Accidental cover)

Investment Administrators

MMI Group Limited

Actuaries

Momentum Corporate

Auditors

Ernst & Young Inc.

WHOM TO CONTACT IF YOU HAVE ANY QUESTIONS

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This newsletter is issued for general information of the members of the MEU Retirement Fund. It is not intended as a substitute for specific legal, financial or other advice in considering the implications for each member's particular circumstances. In the event that what is highlighted in the newsletter is not in line with the Fund Rules, the provisions of the Fund Rules shall be applied.