

# PENSION JUSTICE NPC

## RETIREMENT FUND DICTIONARY

The retirement funds in South Africa have terms and jargon that people do not understand.

These ensure that only a few people can access justice - usually lawyers or people who can afford to pay lawyers.

Learning just a few definitions is the first step to **PENSION JUSTICE** for yourself, whether you are a member of a fund or the relative of a member.

- **Pension fund organisations** - All the different types of retirement funds, including pension funds, provident funds, preservation funds and retirement annuity funds.
- **Member** - The person who belongs to the retirement fund, and on whose behalf contributions are paid.
- **Contributions** - This is the money that you, or you and your employer, pay every month into the fund. If you have an occupational retirement fund, you will normally see your contributions on your payslip, written as an amount in Rands or as a percentage.
- **Pension fund** - A savings fund which only allows you to cash out a limited amount of your savings as a lump sum upon retirement. You are required to use the rest to buy a pension so you can receive smaller amounts of money each month.
- **Provident fund** - A savings fund which allows you more flexibility, so you can cash out more of your savings as a lump sum on retirement. However, new laws are making provident funds stricter, like pension funds.
- **Preservation fund** - If you were a member of a pension fund or provident fund, then change employers, and you choose not to cash out your savings from that fund, it gets transferred to a preservation fund, where the money can grow even though you are not making contributions. This is why they call preservation funds 'non-contributory' funds.
- **Fund credit** - This simply means your savings in the fund, based on the contributions that you, or you and your employer, have made to the fund over the years less costs and Fund expenses, in most cases.
- **Beneficiary** - This may be the fund member of a beneficiary fund, or if the member has died, the people in the member's family or the people who receive the member's death benefit.

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- **Exit event** - An event that occurs to trigger a member or a member's beneficiary being able to access retirement fund benefits. The typical exit events are retirement, leaving employment through resignation, retrenchment, disability and death.
- **Benefit** - This is whatever you are entitled to when an exit event occurs, based on what you have saved. Did you know that retirement funds typically often have an extra insured benefit as well? This insurance policy usually covers disability and death, depending on the fund's rules.
- **Board** - The group of representatives known as 'trustees' who ultimately run the retirement fund. As a member you may be entitled to help elect some trustees.
- **Principal officer** - The leading official in charge of managing the fund, like a CEO.
- **Administrator** - The official who does the day to day running of the fund, like loading new members and managing payouts when someone resigns or retires. This can be a company like Liberty, MIBFA or Momentum. If you call a call centre to ask questions about the fund, you will usually speak to the administrator.
- **Insurer** - The insurer responsible for paying death and disability claims, where the fund has such a benefit, like Sanlam.
- **Investment manager** - The person who invests the fund's money. There can be other investment positions like a multi-manager who manages all the investment managers and keeps an eye on the overall strategy and reports back to the board of trustees who must oversee the fund activities.
- **Consultants** - the people who advise funds on benefits structures, and some on investment strategy.