

A MEMBER'S GUIDE

TO THE

CPSA PROVINCIAL PENSION FUND

FOR

CLERGY

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1. INTRODUCTION

This member guide aims to answer the most often asked questions regarding membership of the fund.

It is a summary of the main features of the CPSA Provincial Pension Fund, as they exist. However, it does not form part of the official rules of the fund. In the event of any conflict between this guide and the official rules, the provision of the rules will apply.

If you wish to inspect a copy of the rules, you may do so by asking a member of the Management Committee at the Church of the Province of Southern Africa.

2. DEFINITIONS

The following definitions may assist you in understanding this guide.

Administrator: This is the organisation chosen by the fund to provide the specialised administration services required by the fund. The Administrator is Liberty Group Limited.

Consultant: This is the person, or organisation, that the fund has chosen to provide specialist-consulting services to the fund and its members with regard to the operation of the fund and the provision of benefits.

Defined Benefit Fund: The CPSA Provincial Pension Fund is a defined benefit fund. This means that the rates at which contributions to the fund are made are defined in the rules. Retirement benefits are based on the amount that has accumulated in the fund at retirement date, being accumulated contributions together with the investment earnings on those contributions.

Dependant: This is your spouse either by law, by customary union or Asiatic tenet; your children, including adopted children; anyone for whom you are legally liable for maintenance and anyone you are actually maintaining at the time of your death.

Employer: This means Church of the Province of Southern.

Final Fund Salary: This shall mean the average of the Fund Salaries during the thirty-six months immediately preceding the date of retirement.

Fund Salary: This is your annualised basic salary. Your Employer may also decide to include any other amounts earned such as allowances and bonus. In general, however, your Fund Salary will normally be less than your total remuneration package.

Pension Fund: The CPSA Provincial Pension Fund. This means that on retirement you may elect, with the Management Committee's consent, to take any part of your retirement benefit in cash or an equivalent policy.

Revision Date: This is the date each year on which the details of the fund and its members are verified. At present it is 1st January each year.

Share of the Fund: This is each member's share of the distributable value of the entire fund and basically consists of the following;

- (i) Contributions made by you and on your behalf by the Employer, less the costs of fund administration including all statutory expenses.
- (ii) any amount transferred into the fund by the member from any other approved retirement fund.
- (iii) any voluntary contributions paid by the member into the fund.
- (iv) the investment growth on all of the above.

3. WHO MAY BELONG TO THE FUND?

If you are not already a Member of the Fund you are obliged to join.

It is a condition of employment that you join the fund for retirement benefits on the first day of the month after you satisfy the above qualifications.

4. HOW MUCH DO I CONTRIBUTE TO THE FUND?

You contribute 7.5% of your Fund Salary towards your retirement benefits.

5. HOW MUCH DOES MY EMPLOYER CONTRIBUTE TO THE FUND?

Your Employer will pay the balance of the cost of the retirement benefits.

In addition, the Employer shall contribute the costs of administration as well as any other expenses in connection with the fund.

6. HOW WILL THE MONEY BE INVESTED?

The Management Committee will determine the investment philosophy of the fund and may invest the retirement funding contributions in one or more of the investment portfolios made available to the fund by Liberty. The Management Committee will monitor investment performance with the aim of achieving high real rates of return (i.e. returns in excess of inflation) without exposing the fund to undue risk.

7. WHEN MAY I RETIRE?

Your Normal Retirement Age is 65. If your Employer and the Management Committee agree, you may remain a member after reaching this age, they may also allow you to retire early after attaining age 55, or earlier if your retirement is due to ill health and you are not eligible to receive a benefit from the Disability Income Plan, if any.

8. WHAT BENEFITS WILL I RECEIVE WHEN I RETIRE?

On retirement you will receive an annual pension equal to 2% of your Final Fund Salary multiplied by your Pensionable Service.

9. WHAT BENEFITS WILL I RECEIVE IF I LEAVE MY EMPLOYER'S SERVICE?

If you leave your Employer's service before you reach Normal Retirement Date you will receive an amount equal to your accumulated contributions.

10. WHAT BENEFITS WILL MY DEPENDANTS RECEIVE SHOULD I DIE IN SERVICE BEFORE I RETIRE?

If you die in service before Normal Retirement Date, whilst a Member of the Fund, your dependants will receive an amount equal to that which would have been received had you withdrawn on the date of the death.

11. MAY I CONTINUE MY INSURANCE COVER IF I LEAVE SERVICE OR RETIRE?

You may continue the insurance cover you enjoyed as a member of the Fund on leaving service or retirement.

Once you leave the company, your Fund cover ceases. On effecting a continuation option, cover is continued under an individual policy.

In order to exercise this option, you will need to :

- i) take up the option within 30 days of leaving service;
- ii) fulfill certain medical requirements, e.g. HIV test.

The availability of such options will always be subject to any policy conditions applicable at the date of exercising such option. You are advised to discuss any decision in this regard with the Consultant.

12. HOW WILL I KNOW WHAT MY BENEFITS ARE?

You will receive a personal benefit statement on joining the fund and at yearly intervals, approximately 6 to 8 weeks after the Revision Date, thereafter, whilst a member of the fund. Your individual statement should be checked for issues of fact and read in conjunction with this guide.

13. MAY I TAKE A LOAN AGAINST MY BENEFITS?

Current legislation precludes the fund from making personal or other loans to members.

14. ARE HOUSING LOANS AVAILABLE?

The fund may not make direct loans for the purposes of housing. The Rules provide for the Management Committee to allow the fund to stand surety to a third party to the extent of a member's withdrawal benefit in respect of a loan made by that third party for the purposes of housing. These loans are strictly legislated in terms of the Act with regard to use, amounts, and interest payable and repayment terms.

15. TAXATION OF BENEFITS

The level and basis of taxation of benefits will depend on the tax legislation in force at the time benefits accrue. The situation applicable from 1 March 2009 is as follows;

Retirement Benefits

Benefits expressed as a pension/annuity;

The capital used to purchase such pension/annuity will not be taxed as a lump sum but the resultant pension will be treated as income in the pensioner's hands and taxed as normal income (P.A.Y.E.).

Benefits taken as a lump sum

These will be tax free up to certain limits.

Ill-health retirement due to Disability whilst in Service

The benefits will be treated in the same way as retirement above.

Death whilst in service

Benefits taken as a lump sum

These will be tax free up to certain limits

Leaving Service prior to Retirement

Any amount transferred to another approved pension, provident, provident preservation or retirement annuity fund will be a tax-free transfer.

Any cash lump sum will be tax free up to certain limits.

It must be remembered that taxation is Member specific and actual taxation amounts are determined by SARS not the fund. You should confirm your personal taxation situation prior to making a decision on the application of benefits.

Tax free amounts

Current tax legislation allows for a cumulative tax free amount against all benefits from all funds **in the taxpayer's lifetime** of R 300 000 as a result of retirement or prior death and R 22 500 as a result of leaving service prior to retirement or death. Any balance will be taxed cumulatively against the following tables.

Taxation on retirement or prior death:

Taxable income from lump sum benefits	Rate of tax
Not exceeding R300 000	0 per cent of taxable income
Exceeding R300 000 but not exceeding R600 000	R0 plus 18 per cent of taxable income exceeding R300 000
Exceeding R600 000 but not exceeding R900 000	R54 000 plus 27 per cent of taxable income exceeding R600 000
Exceeding R900 000	R135 000 plus 36 per cent of taxable income exceeding R900 000

Taxation on leaving service prior to retirement or death:

Taxable income from lump sum benefits	Rate of tax
Not exceeding R22 500	0 per cent of taxable income
Exceeding R22 500 but not exceeding R600 000	18 per cent of taxable income exceeding R22 500
Exceeding R600 000 but not exceeding R900 000	R103 950 plus 27 per cent of taxable income exceeding R600 000
Exceeding R900 000	R184 950 plus 36 per cent of taxable income exceeding R900 000