DURBAN PENSION FUND GUIDELINES FOR RETIRING MEMBERS

10 Torsvale Crescent
Torsvale Park
La Lucia Ridge Office Estate
La Lucia
4319

Telephone: 031 573 8000

Version: 10/2024

1. PENSION

The pension calculation is based on three factors: -

(i) (A) - your length of pensionable service – adjusted for amounts deducted from savings component with effect from 1 September 2024;

(ii) (B) - your final annual average pensionable salary earned during the last year of service; and

(iii) (C) - the factor applicable to your age at retirement as per following table:

Age	65	64	63 (or 40 yrs qualifying service)	62	61	60	59	58	57	56	55
Factor	2.47%	2.36%	2.25%	2.14%	2.04%	1.93%	1.84%	1.75%	1.66%	1.56%	1.48%

Annual Pension = (A) x (B) x (C)

2. GRATUITY

The amount that you will receive as a gratuity when you retire is based on three factors: -

(i) (D) - your length of pensionable service – adjusted for amounts deducted from your savings component with effect from 1 September 2024;

(ii) (E) - your annual average pensionable salary earned during the last year of service; and

(iii) (F) - the factor applicable at your age of retirement as per following table:

Age	65	64	63 (or 40 yrs qualifying service)	62	61	60	59	58	57	56	55
Factor	7%	7%	7%	6.666%	6.333%	6%	5.667%	5.334%	5.001%	4.668%	4.335%

Gratuity = (D) x (E) x (F)

3. COMMUTATION OF PENSION (NOT APPLICABLE TO CATEGORY 3 MEDICAL BOARDINGS)

Your own personal decision:

(a) The Fund permits a retiring member, if he/she so elects, to commute up to 33,3% of his/her annual pension.

(b) A lump sum is made available and the annual pension is reduced by the percentage commuted.

(c) The value of the lump sum is determined by multiplying the value of the annual pension commuted by a factor based on your age as per following table:

Age	65	64	63	62	61	60	59	58	57	56	55
Factor	10.50	10.83	11.16	11.49	11.81	12.13	12.45	12.76	13.07	13.37	13.67

*These factors change annually.

Commutation = Annual Pension x percentage commuted x factor at retirement age.

3.1 ADVANTAGES OF COMMUTATION

(a) An additional lump sum benefit on retirement.
(b) Whether you commute or not, the amount of the spouse pension payable on your death will be unaffected.
(c) A reduced pension will result in a lower average/marginal tax rate.

3.2 DISADVANTAGES OF COMMUTATION

(a) Lower monthly pension.
(b) Lower annual bonus.
(c) All future increases based on lower base pension.
(d) Additional lump sum amount subject to tax.

3.3 REASONS FOR COMMUTING

(a) you wish to pay off an interest bearing debt.
(b) to reduce tax payable on monthly pension.
(c) if the investment income earned from the commutation exceeds the pension forfeited.
(d) to maximise benefits payable in the case of early death.

3.4 SHOULD I COMMUTE?

You should take the following into account:-

(a) Your ability to make sound investments and particularly investments which will give you capital growth over a period of years to offset at least some of the effects of inflation if you intend investing some of the commutation lump sum. (Your pension is at least partially inflation-proofed by the guaranteed annual increases paid by the Fund).

(b) The need to monitor your investments on a continuous basis in case the need arises to switch out of one of the investments into another in order to protect your capital if you intend investing some of the commutation lump sum.

(c) The affect on the payment of tax on your monthly pension, lump sum benefits and investment earnings. This will depend on your tax bracket and nature of your investment earnings.

(d) The fact that the commutation of your pension does not affect the pension payable to your spouse.

You should think very carefully before investing in any interest bearing type of investment (e.g. fixed deposit, participation bond, mortgage bond, Government stocks, tax free deposits, etc.), where the income from the investment and the capital value of the investment may not increase over the years, and where taxation and inflation absorb a part of what otherwise looks like an attractive investment.

Whilst you may initially be well off with this type of investment, the return may not increase in line with your living costs which increase with inflation, making it more difficult as the years go by to meet your living expenses from the income. You are strongly advised to seek the advice of a reputable registered financial adviser to assist you in the above regard.

4. TAX ON LUMP SUMS

Tax on lump sums (for example, the gratuity and any amount that you choose to commute) is payable. Tax is only payable on lump sums in respect of service after 1998-03-01. To calculate the taxable amount you need to multiply the lump sum by the number of completed years service you have after 1998-03-01 divided by your total service. The tax rates are as follows:

Taxable Amount	Tax Rate
R0 – R550 000	0%
R550 001 – R770 000	18%
R770 001 – R1 155 000	27%
+R1 155 001	36%

5. BIRTHDAY AWARDS

Birthday awards are payable in the month a pensioner or surviving spouse turns 70, 80, 90 and 100 years of age.

6. ANNUAL BONUS

An annual bonus is paid in November each year. The bonus paid is equal to the actual pension paid in that month. The first bonus payable is in proportion to the number of months that the member had been on pension in the preceding 12 month period.

7. ANNUAL INCREASES

Increases in pensions are granted from 1 July each year. The Fund's pension increase policy is to increase pensions in line with the increase in the consumer price index over the previous 12 months ended the prior March of each year.

8. BENEFITS ON DEATH OF A PENSIONER

8.1 The widow/widower of a pensioner will be entitled to the same pension as the deceased pensioner for a period of three months after the pensioner's death and thereafter will receive 60% (40% if married after retirement) of the pensioner's pension prior to commuting.

The table below provides examples of the widow/er pension payable in various circumstances:

% Commuted at Date of Retirement	% of Deceased Member's Actual Pension Payable to Widow/er	
	Married Before Retirement	Married After Retirement
0%	60%	40%
10%	66.7%	44.4%
25%	80%	53.5%
33⅓%	90%	60%

8.2 Child pensions will also be payable on the death of a pensioner if the child of the deceased pensioner has not been married and is:-

(a) less than 18 years of age; or

(b) up to 24 years of age if still in continuous full time study or not be employed on a full time basis if studying through correspondence at a registered institution and subject to .and subject to successful educational progress.

8.3 The calculations of the widow/widower pension may only commence once the Fund is in receipt of the following documents:

(a) Complete claim form from administrator
(b) Certified copy of death certificate
(c) Certified copy of marriage certificate
(d) Current bank statement not older than 3 months or banking details of spouse on the bank's letterhead.
(e) Certified identity document of the deceased as well as the spouse.
(f) Certified identity documents of the children of the deceased and proof of continuous full time study if over 18 years of age.
(g) SARS income tax number of the spouse.
(h) Where applicable, continuation of medical aid certificate.

The administrative process of bringing a widow/widower onto the pay system following the death of a pensioner does take time and alternative provision should be made to meet monthly expenses for up to 1 month following receipt of the required documentation.

Should you have any queries in the above regard please contact Alexander Forbes:
PO Box 787240, Sandton, 2146
☎ 0860 776 326 or +2711 669 7102
Fax: +2711 263 2120
Email: PensionerQueries@alexforbes.com or zzDBNpensioners@alexforbes.com

9. RESIDUAL VALUE

In all instances a minimum benefit amount is payable by the Fund. The value of this benefit is equivalent to twice the member's contributions less any amount paid in the form of a commutation and/or monthly pension.

10. WHAT YOU HAVE TO DO BEFORE YOU RETIRE

Retiring members must make an appointment to meet with the HR Liaison Officer at least 6 weeks prior to retirement with the following documents/details:-

1. Identity Document
2. Spouse's Identity Document
3. Marriage Certificate/Certificate of Customary Union
4. Children's/Students' Identity Documents
5. Current bank statement into which pension is to be paid (see Note 11 for the payment of pensions to non-residents)
6. Postal and Residential Addresses
7. Tax Number **(As the Fund is obliged to obtain a tax directive from SARS prior to any lump sum benefit being paid it is important that members ensure that their tax affairs are in order to avoid unnecessary delays in obtaining this tax directive. You may also need to register as a provisional taxpayer)**
8. Contact details – phone, cell and e-mail
9. The pensioner's card will be of assistance in claiming any discounts offered.
10. If a medical aid member, arrange for "Continuance of medical Aid Form" to be completed and submitted with documents.

Should you have any queries in the above regard or to make an appointment please contact your HR / Liaison Officer.

11. PAYMENT OF PENSIONS TO NON-RESIDENTS

When a pension is required to be paid in a foreign currency it will be necessary for the

pensioner to open a "non-resident" account with a South African bank alternatively into a foreign bank account as approved/permitted by the South African Reserve Bank into which the Fund will pay the monthly pension.
The following applies to a pensioner using a "non-resident account". The non-resident pensioner will then make arrangements directly with his South African bank for withdrawals in the foreign currency of choice. In the event of the pensioner predeceasing his/her spouse the non-resident widow/er will be required to open her/his own "non-resident" account with a South African bank into which her/his pension will be paid. To avoid difficulties and delays associated with the opening of a "non-resident" account from outside the borders of South Africa it may be advisable for the member's spouse to also open a "non-resident" account in her/his name prior to leaving South Africa. These arrangements should be discussed with your bank.
When using a foreign bank account, the pensioner is required to obtain the necessary approval and/or authorisation from the South African Reserve Bank before payment can be made. The pensioner is liable for additional costs associated with such payments into a foreign account.

12. AFTER YOU RETIRE

12.1 Your gratuity (and commutation if applicable) will be paid electronically into your nominated bank account.

12.2 The following amounts may be deducted from monthly pensions:

(a) Medical Aid – if you are a member of a medical aid scheme you will need to make contact with your medical aid should you wish to continue your membership

(b) Tax on monthly pension, if applicable

(c) Durban Municipal Thrift Fund savings; if applicable

(d) Community chest; if applicable

(e) RMEA subscription; if applicable

12.3 Every year in April if you live outside of South Africa or your details are not on the SA Home Affairs database you will receive a Certificate of Existence. To avoid suspension of your pension payments this Certificate must be completed, signed before a Commissioner of Oaths and returned promptly together with a certified copy of your identity document. If your pension is suspended it will only be reinstated no later than the month following receipt of your completed Certificate of Existence. Should you not receive this certificate by the end of July you should make contact with the Administrator.

12.4 Advise Durban Pension Fund timeously and in writing of any change of banking details, residential or postal address or personal particulars.

12.5 With the exception of December pension, your pension will be paid into your nominated bank account on the 27th of each month, or the closest working day prior to the 27th if the 27th falls on a weekend or a public holiday. December's pension will be paid on the second working day prior to the 25th December.

12.6 You will be provided with a pay advice on your first pay month and thereafter only when there is a change in your gross pension, e.g. July (increase), November (bonus), etc. You may apply to Alexander Forbes to receive your pay advice electronically every

month.

12.7 Contact the Fund Administrator, Alexforbes whenever you have a problem with your pension.

PO Box 787240, Sandton, 2146
☎ 0860 776 326 or +2711 669 7102
Fax: +2711 263 2120
Email: PensionerQueries@alexforbes.com or zzDBNpensioners@alexforbes.com

13. DISPUTE RESOLUTION

Disputes regarding the Fund may be addressed to the Pension Fund Administrator, 10 Torsvale Crescent, Torsvale Park, La Lucia Ridge Office Estate, La Lucia, 4319
or to the Principal Officer, P O box 305, La Lucia, 4053 / davidson@wylie.co.za or to the Pension Funds Adjudicator, P O Box 580, Menlyn, 0063 or enquiries@pfa.org.za.