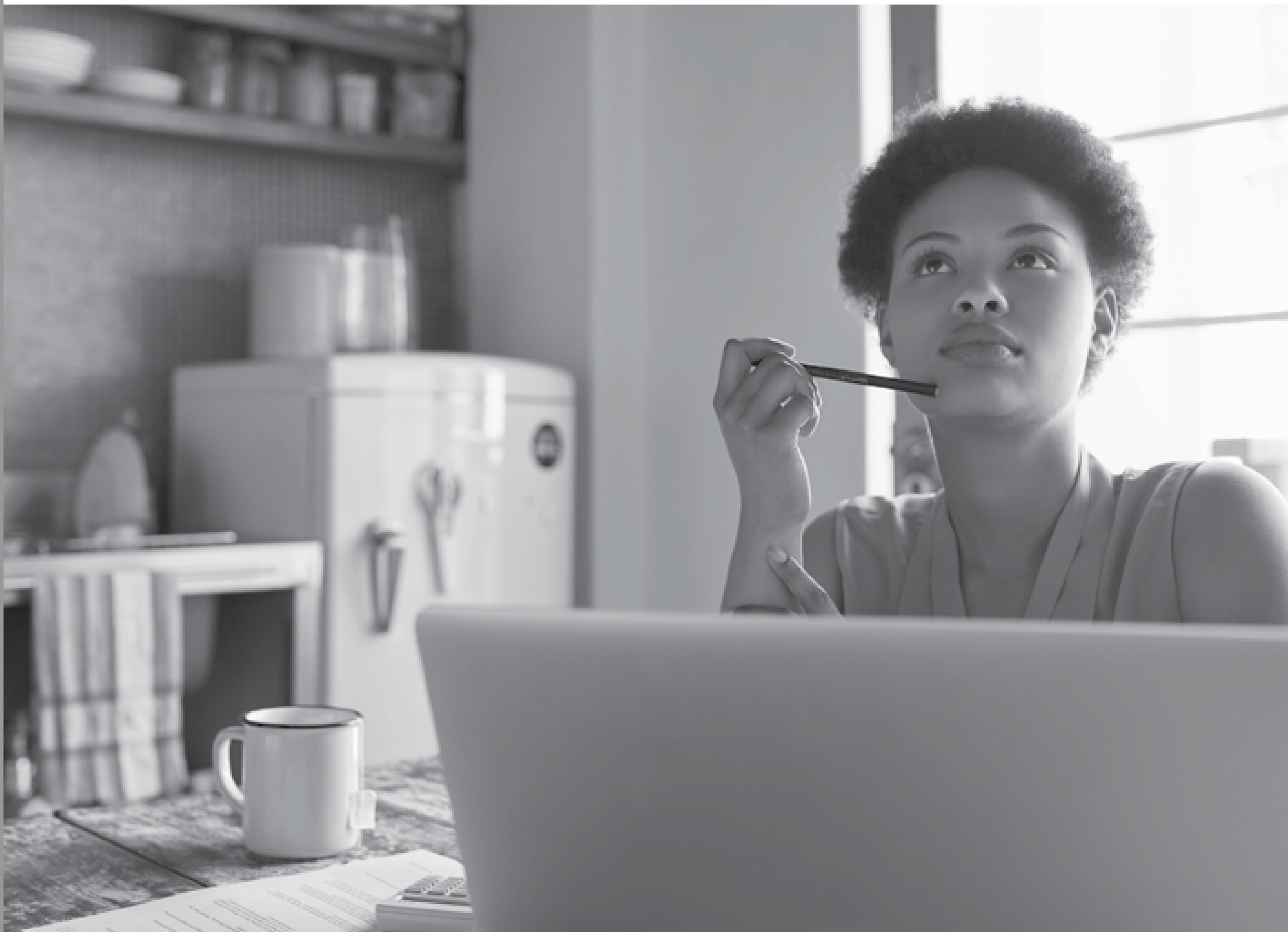
What you get when you retire from the Fund

KZN
MUNICIPAL PENSION FUND



WHAT TO DO WITH YOUR FUND CREDIT WHEN YOU RETIRE

This brochure explains the different options available to you when you retire from the KZN Municipal Pension Fund. It does not give you financial advice but factual information to help you make the best choices.

YOUR RETIREMENT OPTIONS EXPLAINED

What you can do with your retirement savings when you retire from the KZN Municipal Pension Fund is summarised below:

1 Use all of your savings to buy a pension

You can use all your money to buy a pension. A pension will give you a regular income for your retirement years.

2 Use some of your savings to buy a pension

You have to use at least two thirds to buy a pension.

3 Take cash

You can take up to one-third of your savings as cash. You'll have to pay tax on any cash you take according to the retirement tax table.

It is recommended that you use as much of your benefit as possible to buy a pension. Any income you receive from a pension will be taxed according to the prevailing tax laws. Refer to document on tax implications for further information.

CHOOSING THE RIGHT PENSION FOR YOU

Type of Pension	Pension Increases	Advantages	Disadvantages
Living pension & KZN Municipal In-Fund Living Pension A flexible pension that allows you to draw between 2.5% and 17.5% of your money each year.	Pension increases depend on how much of your money you decide to draw each year.	The pension is flexible and you can leave money to your beneficiaries.	You could run out of money if you draw too much too soon. Only suitable if you have more than R1 million to invest.
Inflation-linked pension This pension is guaranteed to keep up with inflation.	Pension increases are based on the inflation rate for the previous year.	Your pension keeps up with inflation and is protected against increases in the cost of living. The pension is paid for as long as you live. You can choose for your spouse to get the same pension when you pass away.	The purchase price of the pension is expensive because increases are fully linked to inflation. The pension increases can be low (even 0%) if the inflation rate is low.
With-profit pension This pension allows you to share (with the insurance company) in the investment profits made on your pension portfolio.	Yearly pension increases are determined by the insurance company, based on how your money in your investment portfolios grow.	The starting pension amount and yearly increases are guaranteed. Increases can be good if investment performance is good. The pension is paid for as long as you live. You can choose for your spouse to get your pension when you pass away.	The pension may not keep up with inflation. You could have 0% pension increases if investment returns are poor.
Fixed increase pension An escalating pension pays you a lower starting income, but the pension increases each year at a fixed percentage that you choose.	Yearly pension increases are at a fixed percentage each year. You choose the increase category when you buy the pension.	The pension increases are predictable. The pension is paid for as long as you live. You can choose for your spouse to get the same pension when you pass away.	The increase percentage you choose is fixed for life. The pension might not keep up with inflation.
Level pension Also known as a standard pension, this option pays the same income for the rest of your life.	No yearly increases. The pension stays at the same level as the year you bought it.	The starting pension is higher due to no future increases. The pension is paid for as long as you live. You can choose for your spouse to get the same pension when you pass away.	You can't adjust your income level to suit your needs. The pension will not increase over time and will not keep up with inflation.

If you have any questions regarding your options or need advice, speak to the Fund Front Office or an accredited financial adviser. They will be able to explain these options to you in more detail and help you decide which option will best suit your needs at retirement.

The pension you choose to buy when you retire depends on a many important factors that you need to think about. When choosing a pension for your retirement the following important factors must be considered carefully:

1	Your marital status.
2	Your age and that of your spouse.
3	You and your spouse's health and anticipated life expectancy – what are the chances you may live longer than you expect?
4	Do you have other savings as well as your retirement fund?
5	Will your spouse need a pension if you pass away?
6	Will your dependants still be dependent on you after your retirement and for how long?
7	Do you need or want to leave money in your estate to provide for your spouse and dependants?
8	What is your cost of living? Remember to consider medical expenses too.
9	Your risk tolerance and therefore the type of portfolio you should be invested in?
10	Will your pension keep up with inflation?

LET'S LOOK AT SOME OF THESE FACTORS IN MORE DETAIL.

YOUR EXPENSES

Think about how much money you will need every month when you retire. Some important things to consider:

Will you have paid off your home? Your car? Any other debt? If not, the monthly debt repayments will drain your pension income.
Will you need to travel to see your children?
Will you go on holidays every year?

You should spend less on transport when you retire because you won't be travelling to work every day. You also won't be contributing to your retirement anymore. Every expense, no matter how small, will add up – so don't forget about things like TV and car licenses, subscriptions and insurance premiums.

YOUR DEPENDANTS

If there are people who are dependent on you, you will have less pension income for yourself. When you consider your dependants, remember to look at whether your spouse also has retirement savings that the two of you can use when you retire. If your spouse will still be working after you retire, you need to consider how much longer they will be working. Will your children still be at school or need money for college or university? Is there anyone else who relies on you financially? How dependent are they on you?

MEDICAL COVER

Your medical costs will more than likely increase during your retirement years – make sure you'll have enough money for higher medical expenses.

Speak to the Fund Front Office or a financial advisor before you make any investment decision.