



Political Office-Bearers
Pension Fund

March 2024

NEWSFLASH to members of the Political Office-Bearers Pension Fund

In-Fund Living Annuity option now available

We are pleased to tell you that the Fund Rules have been amended as from 1 March 2024, to allow members who take a retirement benefit to choose to receive a Living Annuity pension from the Political Office-Bearers Pension Fund.

The Rules now also allow you to **split** your pension, i.e. to buy two (or more) pensions from different pension providers if you want to do so – you will probably need expert financial advice before making a decision to do this.

This means that you have the following decisions and choices to make, if you leave office (e.g.) at the time of the forthcoming National Election:

1. **Do I need to take a benefit immediately?** (This might apply if you are moving to a new position outside Parliament or the Provincial Legislatures, where you will be in salaried employment.) You have the option to continue as a “paid-up” member of the Fund – your pension savings in the Fund will remain invested. This will be the default position if you do not make any other choice.
2. If the answer is Yes, then **Should I take a withdrawal (resignation) benefit**, which gives access to all my savings in cash (minus tax) if I want this, **or (if I am aged 50 or over), should I rather take a retirement benefit?**
3. If you are aged 50 or over and you want to take a retirement benefit, **How much should I take as a cash lump sum?** For most people, the maximum cash lump sum from the Fund is 1/3 (one-third) of the total of your pension savings in the Fund, but you can choose to take less than this in cash. (Remember that you may also be entitled to gratuity payments from Parliament or your Legislature.)
4. If you are taking a retirement benefit, whatever portion (usually at least 2/3) you are **not** taking in cash, must be used to provide yourself with a pension – so the questions are, **What kind of pension do I want, and from which pension provider?** (As mentioned, you can now choose to take two – or more – pensions from different providers if you want to do so, by splitting your retirement capital suitably.)

For more information on these options, please see the Leavers’ Pack available under Member Guides on the Fund website, www.pobpf.co.za . And see the next page for more on the In-Fund Living Annuity option.

www.pobpf.co.za

Registration Number : 12/8/35658/1

Registered Address :

- Parliament, Plein Street, Cape Town, 8001 •
- PO Box 2164, Cape Town, 8000 •

- Principal Officer : Ms Belinda Burger •
- belindaburger1406@outlook.com – tel. 083 2673983 •

- Chairperson: Ms M G Boroto •



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In-Fund Living Annuity option

This is also explained in detail in the Leavers' Pack available under Member Guides on the Fund website, www.pobpf.co.za - in summary:

- As long as you have **at least R 2 million** that you will be using to provide your pension, you can choose the in-Fund Living Annuity option – if you wish to do so. (Or you can go outside the Fund and choose any pension type and any pension provider of your choice, e.g. an insurance company or investment firm. If you split your pension and allocate only part of the capital to the in-Fund living annuity option, then you must invest at least R 2 million in the in-Fund option.)
- If you choose the in-Fund Living Annuity, your money (the part that you allocate to this option) will **stay invested in the Fund**, earning the same investment returns (growth) as applies to members who are still in office.
- You will **choose the level of income** that you want to draw from the invested amount – you can choose anywhere in the range from 2.5% of the invested capital, up to 17.5% (but normally it would be very unwise to choose anywhere close to the maximum percentage).
- The Fund (via our administrators, Alexforbes) will then **pay you a monthly pension**. For example, if you invest R 4 million and you choose an income level of 5%, the monthly pension will be calculated as one-twelfth of 5% of R 4 million, giving a pension of R 16 667 per month before tax. You can change your income level (draw-down percentage) every year.

Further details, including the fees and costs for the in-Fund option, are given in the Leavers' Pack. This also explains the **risks** of Living Annuities. You should **read carefully through the Leavers' Pack before making any decisions**, and you should consider taking expert financial advice too.

The Leavers' Pack also includes information on how to obtain financial advice from / via Liberty Life or Alexforbes, but you are free to use any licenced financial advisor of your own choice, of course.

The Leavers' Pack is available under Member Guides on www.pobpf.co.za

(Ms) M G Boroto, MP
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