



momentum
corporate

Default solutions for the FundsAtWork Umbrella Funds

The success of your people is our business.

Momentum
Corporate is the ideal
partner to help increase
the likelihood of your
employees achieving their
financial goals.

Retirement is a big milestone, and a comfortable retirement will depend on the choices your employees make on their way to retirement and at retirement.

Government introduced the retirement default regulations to help more people become financially secure when they retire. The default regulations are designed to help members save more for retirement, invest their retirement savings wisely and make a good choice when choosing an annuity at retirement.

Trustees of a retirement fund are required to have in place:

- Retirement counselling.
- Default investment portfolio(s) for retirement savings.
- A default in-fund preservation option to preserve the retirement savings of members when moving between employers.
- An annuity strategy for when members retire.

The trustees of the FundsAtWork Umbrella Funds have aligned the Funds with the government's vision and comply fully with regulations.



Retiring members should get financial advice to guide them towards the annuity that is most suitable to meet their lifestyle needs in retirement.

Retirement benefit counselling

The default retirement regulations require all retirement funds to make retirement benefit counselling services available to fund members. All FundsAtWork members have access to a professional benefit counselling service. We provide them with education and the information necessary to develop a better understanding of how to get more value out of their benefits and improve their retirement outcomes. Members can access this service in one of the following ways:

Smart Counsel

The Smart Counsel services are designed to have a real, positive impact on members' behaviour and choices. Members can choose to access the service through a range of different channels. All forms of engagement and communication use easy-to-understand, jargon-free language which simplifies often complex information, educates, and helps members to make informed decisions.

The counsellors help members understand the FundsAtWork:

- Default Investment Portfolio(s).
- Default in-fund preservation option for when they move between employers before retirement.
- Annuity strategy to make sure that they can convert their retirement savings into a retirement income.
- Any other benefits and options available to them.

They receive assistance to select the correct level of cover based on their individual needs.

If members want to speak to a benefit counsellor, call us on 0860 44 43 40 (ShareCall) or 011 505 1565 or send an email to MemberSolutions@momentum.co.za.

Members can also connect with their benefits through our WhatsApp service by saving this number, 087 240 6653 as one of their contacts. Say 'Hello' and follow the prompts. Or login to their Smart Benefit Statement.

Smart Conference

Retirement benefit counselling can be instrumental in improving members' financial goals by offering them relevant information when they need to make certain decisions. Momentum held the first-of-its-kind member conferences in South Africa's major cities in 2019, and in 2020 we kicked it off digitally.

The conference aims to educate members on the different factors that could impact their retirement outcomes. The topics are relevant and interesting, easy to understand and encourage participation. We provide members with tools and support to help them reach their retirement goals.

Default Investment Portfolio

One of the outcomes of the default regulations is that every fund must select a Default Investment Portfolio that is not too complex or unreasonably expensive.

A Default Investment Portfolio is a portfolio for members of retirement funds who do not specifically choose where their retirement savings are invested. The intention is to make investment

portfolios available to these members that are appropriate, considering age, duration to normal retirement date and other relevant factors.

The trustees of the FundsAtWork Umbrella Pension and Provident Funds have already selected the Default Investment Portfolio(s) for the Funds. This may change from time to time.

Employer selected portfolio

Furthermore, employers and advisory bodies can select their “employer selected portfolio” which will be the default portfolio per category of members per product option. The “employer selected portfolio” will apply for all employees per category who do not make an active investment portfolio decision.

To make the process of selecting your “employer selected portfolio” per category of members per product option easier for you, the Funds offer three options under the default regulations that you and your advisory body can select from:

Option 1: the Funds’ Default Investment Portfolio

- Momentum Universal Smooth-Edge on the Founder and Provider product options
- Momentum Conservative Default Lifestage on the Provider product option
- Momentum Default Lifestage on the Provider product option

- Momentum smooth bonus portfolios
- Momentum Enhanced Factor 4
- Shari’ah compliant portfolios

Where external manager portfolios are used, Momentum Corporate will perform annual administration and investment due diligence reviews on them.

Option 2: Trustee pre-approved portfolios

- Lifestage arrangements using Momentum and/or external manager portfolios

Option 3: Any other portfolio, or a combination of portfolios, which you believe to be appropriate for your employees. You will need to motivate your selection and the trustees must approve it.

Member choice

A member can opt out of the portfolios selected by you and switch into the portfolio(s) of their choice.

Momentum Default Investment Portfolios

In the Founder product option, the default portfolio is the Momentum Universal Smooth-Edge Fund. This is the original smoothed bonus portfolio, but if it is closed to new business, contributions will be invested in the bonus series which is open to new business.

In the Provider product option, the default depends on the average salary of the scheme so that it is most appropriate for their needs.

Average annual salary per member	Product option	Default investment portfolio
All categories	Founder	Momentum Universal Smooth-Edge Fund*
Less than R50 000 per year	Provider	Momentum Universal Smooth-Edge Fund*
Between R50 000 and R100 000 per year	Provider	Momentum Default Conservative Lifestages*
More than R100 000 per year	Provider	Momentum Default Lifestages

*Portfolios may attract an MVA.



Default preservation solutions

Retirement funds have to offer in-fund preservation as part of the default regulations. The objective of default preservation is to help members achieve their retirement goals by preserving their money when moving between employers. This is so that they have a larger amount accumulated by the time they retire. FundsAtWork Umbrella Fund members can preserve their retirement benefits in the FundsAtWork Umbrella Funds or they can move seamlessly to the Momentum Corporate Preservation Fund.

Differences between the preservation options

In-fund preservation	Momentum Corporate Preservation Fund
Members cannot withdraw a portion of their money and leave the rest in the FundsAtWork Umbrella Funds before retirement. If they want to make a withdrawal they can take a portion as a lump sum and transfer the balance to the Momentum Corporate Preservation Fund or another fund.	Members can withdraw a portion of their money before they place the balance in the Preservation Fund. They can also make one more withdrawal from the Preservation Fund before they reach their retirement age. They can choose to withdraw the whole amount or a portion of their money and leave the balance in the Preservation Fund until retirement.
No commission is paid.	Commission is paid if a member appoints a financial adviser.

If the member moves to the Preservation Fund, the amount transferred must be more than R500. If a member is invested in a life stage portfolio when they move to the Preservation Fund or become an Umbrella Fund paid-up member, they will not transition through the life stages automatically. They will remain invested in the underlying portfolio at that point in time.

Hello Doctor

Members have access to Hello Doctor at no additional cost. Hello Doctor allows members to talk to a doctor 24/7 to give them expert health advice, anytime, anywhere, through their phone, tablet or computer.

For retiring members, a fund must have an annuity strategy with annuity options, either in-fund or out-of-fund, and can only “default” retiring members into a particular annuity solution after a member has made a choice.

Annuity strategy

As members retire, they should carefully consider where to invest their retirement savings to make sure that they and their loved ones have sufficient income for the rest of their life.

The trustees of the FundsAtWork Umbrella Funds considered various annuity options, the needs of retirement fund members and the requirements of the default regulations. They then selected the Momentum Golden Income With-Profit Annuity as their preferred annuity option.

The Golden Income With-Profit Annuity provides the security of a guaranteed income for life. In addition, annuity increases are declared every year and once an increase is granted it will never be taken away. The new higher amount is guaranteed for the rest of the member's life.

The Golden Income With-Profit Annuity is a good choice if the pensioner wants:

- A guaranteed monthly income for life, which will never decrease.
- Annual annuity increases that cannot be taken away once granted.
- Annual annuity increases based on the investment returns of the underlying assets.
- The option to include an annuity for their spouse after they pass away.
- The option to choose a guarantee period. The guarantee period is the minimum period over which the annuity will be paid, and is not dependent on the pensioner surviving it.

Pensioners must have at least R100 000 to invest in the annuity.

▪ Post-retirement interest rate

The retiring member must make an important decision. When they choose their initial pension, they also need to decide on their post-retirement interest rate (PRI). The PRI determines the size of their initial pension and the level of future pension increases.

- The higher the PRI, the higher their initial pension but the lower the expected future increases.
- The lower the PRI, the lower their initial pension but the higher the expected future increases.

The Golden Income With-Profit Annuity generally offers a range of PRIs from 2% to 3,5% in increments of 0,5%. PRIs lower than 2% are also available. Each PRI represents the minimum return that the underlying investments must earn before increases can be granted. Returns above the PRI are used to grant increases, which is why lower PRIs are associated with higher pension increases.

PRI	Targeted inflation protection (% of CPI)
2,0%	100%
2,5%	90%
3,0%	80%
3,5%	70%

The trustees of the FundsAtWork Umbrella Funds have chosen a PRI of 3,5% which targets future increases of 70% of CPI. If the retiring member prefers a higher future pension increase then they can select a lower PRI even though it does not form part of the trustees' annuity strategy.

▪ Annual increases

Annual pension increases are given based on the investment returns of the underlying portfolio. The long-term aim is to generate increases in line with each PRI's targeted inflation protection. This is done through active portfolio management and using our outcome-based investing philosophy. Pensioners don't want their annuity increases to be significantly different from year-to-year because of market volatility. A process of 'smoothing' is applied so that their pension increases remain relatively stable over the long term.

Once investment returns are smoothed, an annual bonus is declared. To determine the value of this bonus, the following is considered:

- 75% of the smoothed return earned on the Bonus Generating Portfolio.
- Mortality profits or losses.
- Other factors impacting the underlying investments, such as credit defaults in instruments used in the investment strategy and persistently high investment portfolio volatility.

The annual bonus is important as, along with their PRI, it determined the increase the pensioner will receive.

▪ Guarantee period

Retiring members can select a guarantee period during which their nominated beneficiaries like their spouse or children will receive their full monthly annuity. For example, if the retiring member chooses a guarantee period of five years and they pass away two years after buying the annuity, their nominated beneficiaries will receive their full monthly annuity for the rest of the five-year period; that is for three more years.

▪ Single or joint life annuity

Retiring members have the option to choose a single life or a joint life annuity. If the retiring member chooses a joint life annuity they must also choose a reversion rate. The reversion rate is the percentage of the pension the surviving spouse will receive when the pensioner passes away.



Other Smart Solutions

We are at the forefront of helping members make smart financial decisions and connecting with them in different ways. Our growing range of Smart Solutions empowers members to make informed decisions to increase their amount of money at retirement and improve their overall financial health. These value-adding services are free to all FundsAtWork members.

Smart Exits

Momentum's award-winning Smart Exits solution is the first online process of its kind that helps members to make better financial decisions when they resign from their job. Smart Exits assists members by creating awareness about the importance of preserving, which means continuing to invest their retirement savings, as well as the tax they will pay if they don't.

Smart Retirements

Smart Retirements is a user-friendly, try-before-you buy digital platform which educates members on the various annuity products and gives them the opportunity to look at the impact that various decisions will have on their retirement. It also highlights how much tax they are going to pay if they decide to take a part of their retirement benefit as a lump sum. It is aligned to the FundsAtWork annuity strategy and is supported by our Smart Counsel service. Smart Retirements is the simplest way to transition into retirement.

Smart Claims

Smart Claims is our verifiable technology-based solution that simplifies death and funeral claims at a time when employees or their families are emotionally vulnerable and value simplicity and speed. This is another one of Momentum Corporate's innovations through technological advancements. Our simplified process improves the claims experience for the bereaved family in their time of mourning. By reducing the amount of supporting documents required, we make it possible to submit claims quicker, and have them paid out faster.

Smart Underwriting

Another award-winning service, Smart Underwriting was the first group insurance digital underwriting process available in South Africa. It allows members to answer a few short questions about their health and lifestyle in a fully secure and private digital space.

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