



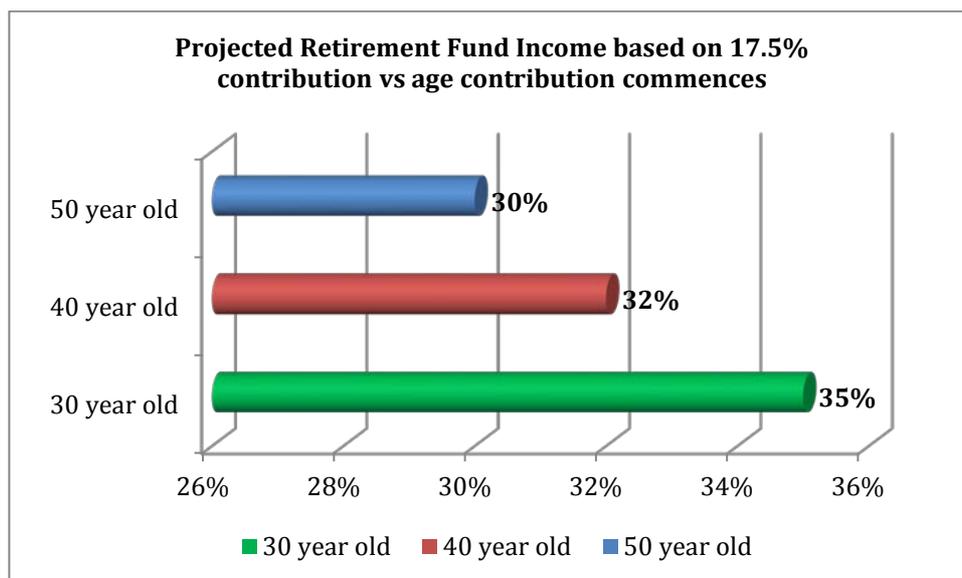
SELECTING A LOW CONTRIBUTION RATE MEANS A LOWER PENSION AT RETIREMENT

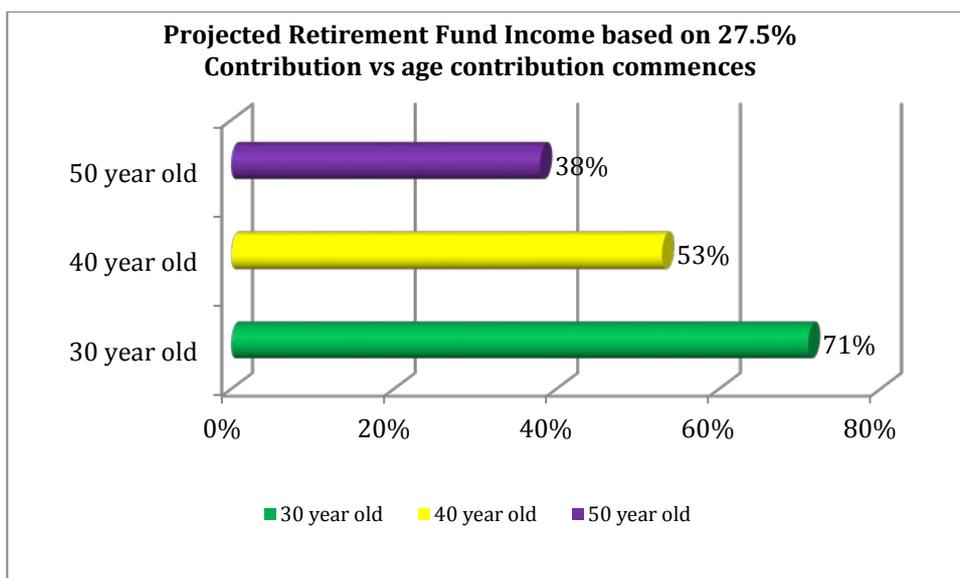
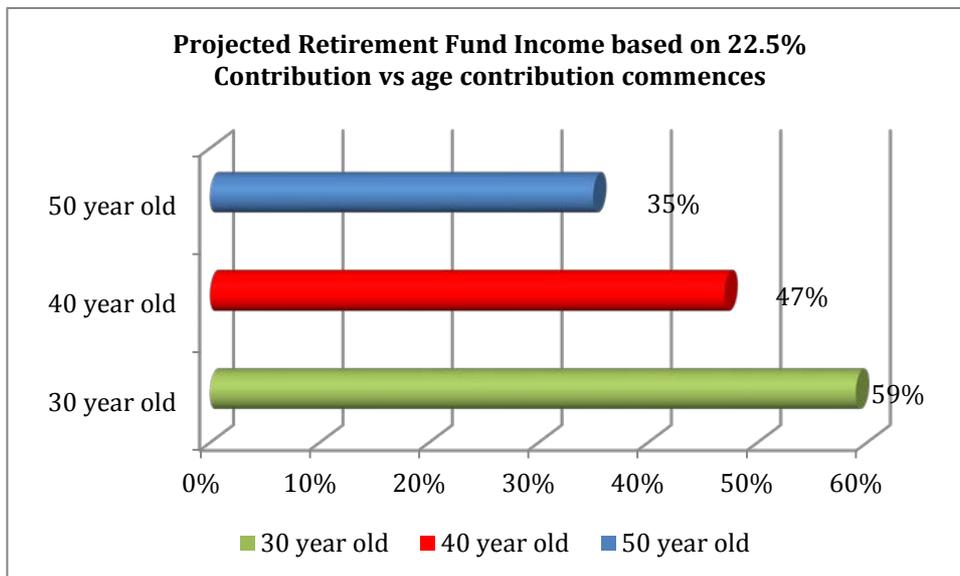
The **Trustees have set a target** that members, at normal retirement age 60, are able to **replace approximately 65% of their Fund Salary by way of a pension**, if they contribute to the Fund for a 30 year period. The latest projections provided by the Fund's service providers have indicated that this target will be difficult to achieve even for the majority of members that contribute at a rate of 22.5%.

For members that **contribute at 17.5%**, a **considerably lower target of approximately 35%** is more realistic and this target assumes that you will contribute to the Fund for a period of 30 years. Consequently the expected pension as a percentage of your final Fund Salary will be even lower for those members with less than 30 years of membership at retirement date.

The Trustees are concerned with this situation and strongly suggest that any member that contributes at 17.5% of Fund Salary seeks professional financial advice with a view to **increasing their contribution rate at least to 22.5%** and **ideally to the 27.5%** contribution rate in due course. In this regard you are entitled to free financial advice from one of the Alexander Forbes financial planners.

The graphs below show the impact of the various contribution rates on a member's income at retirement, if they start contributing at age 30, 40 or 50. Any contributions paid (and savings built up) prior to these starting ages would improve the projections.





Members are reminded that Projection Statements will be distributed shortly. The statements will assist by showing your personal projected retirement income. In order to increase your contribution to the Fund, please contact your HR Senior Rewards Officer.

For more information on your contribution and Fund Salary options please refer to the Package Restructuring and Your Future Benefits information sheet on the Fund's website: [http://retirementfund.ukzn.ac.za/NoticetomembersregardingTRPchoicesJun2016\(Web\).pdf](http://retirementfund.ukzn.ac.za/NoticetomembersregardingTRPchoicesJun2016(Web).pdf).

Best Wishes

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UNIVERSITY OF KWAZULU-NATAL RETIREMENT FUND