

UNIVERSITY OF KWAZULU-NATAL RETIREMENT FUND (the Fund)

ADDITIONAL VOLUNTARY CONTRIBUTIONS

An opportunity for members to increase their retirement savings

The Trustees have amended the Rules of the Fund to allow for Additional Voluntary Contributions (AVCs). From 1 July 2013, this will allow members the option of making additional contributions to the Retirement Fund in order to improve their retirement savings.

Why would I want to pay additional contributions?

For various reasons some Fund members have not managed to accumulate a large enough lump sum during their working careers to provide them with an adequate income in retirement. Where a potential retirement income shortfall has been identified, members often ask how they can best save to improve their income in retirement. If you are young, your retirement date may seem far away. However, if you start putting away a bit more towards your retirement every month from an early age, the power of compounding will help you to turn these monthly additional contributions into significant additional income at retirement.

Some benefits of making additional contributions are:

- There is no complex contract to enter into;
- There are no additional administration fees or upfront policy fees;
- You can start and stop at any time;
- Your additional contributions will be invested in the same way as your Fund Credit and will earn the same returns;
- The amount you have contributed will show on your Benefit Statement;
- The investment fees paid by the Fund are much lower than investment fees paid on other products that you as an individual might invest in, and retirement funds are exempted from Dividend Withholding tax and Capital Gains taxes;
- If you find that you are unable to continue contributing you may stop at any time without penalties being applied.

You must be aware though that you **are not under any circumstances allowed to access or withdraw any amounts paid as AVCs until you leave service**. So, before you sign up, please ensure that you are willing to make a long term commitment on any amounts you choose to contribute to the Fund.

Will I get a tax deduction for any voluntary contributions I choose to make?

Because this is a provident fund, AVC's are not tax deductible and the contribution will be deducted from your after tax salary. However, the accumulated value of the voluntary contributions you have made will be **paid out tax free when you leave the Fund**. The accumulated **investment return earned will be taxed** when you exit the Fund.

Should you be in receipt of non-pensionable income, contributing to a retirement annuity fund might be a more tax efficient way for you to supplement your retirement savings.

What do I need to do in order to make additional contributions to the Fund?

Should you wish to make additional contributions to the Fund, please complete the AVC stop order form, which is on the Fund's website, and specify the Rand amount that you wish to contribute monthly. This form will also be available from your Benefits Officer, or the Payroll Department. Once you have completed and signed the form, you must forward it to the Payroll Department at the address shown on the form, and then **follow up in a day or two to confirm receipt**.

Your completed forms must reach the Payroll Department by the 7th of the month, for implementation in the same month.

If you later wish to stop making contributions, you must give this instruction **in writing** to the Payroll Department. They will then stop making these deductions, but you cannot be refunded amounts you have already contributed.

If you are not in a position to start making additional contributions now, you might want to consider allocating some part of your next salary increase for this purpose.

If you have any queries regarding this option, please telephone extension 1007 or email lessing@ukzn.ac.za.

**Issued by the Principal Officer on behalf of the Board of Trustees
June 2013**

Please note that in terms of the Financial Advisory and Intermediary Services Act, only registered financial advisors are permitted to provide individual financial advice.