COLUMBUS RETIREMENT FUND

Columbus Stainless • Office Block D • Hendrina Road • Middelburg • 1050
P.O Box 67528 • Highveld Park Ext.2 • Centurion • 0169
www.col-ret.co.za • t: +27 12 648 9180 • e: yourfund@columbus.co.za

MERGING OF PENSION SECTION AND PROVIDENT SECTION NOVEMBER 2021

QUESTIONS	ANSWERS
With the merging of the Funds, is a new Fund registered or is one of the existing Funds retained?	The Columbus Retirement Fund (Provident Section), with the existing vested lump sum benefits, is retained and the Columbus Retirement Fund (Pension Section) is merged into the Columbus Retirement Fund (Provident Section). The latter is being renamed to the Columbus Retirement Fund.
What happens with member benefits in the Pension Section?	All the member benefits in the Pension Section are transferred to the Provident Section. The Financial Sector Conduct Authority (FSCA) needs to approve the transfer, called a Section 14 Transfer. Until the approval is granted, members are entitled to the existing benefits from the two Funds separately.
Will the combined member benefits after the merge be different from the existing benefits from the two separate Funds?	No, the combined benefits after the merge and transfer, will be exactly the same as the existing separate benefits from the two Funds.
Can members take a portion of their benefits in the Pension Section in cash and the balance be transferred to the Provident Section?	No, current legislation does not allow that. The full benefit in the Pension Section will be transferred to the Provident Section.
Will the combined contributions after the merge be different from the existing contributions to the two separate Funds?	No, the combined contributions after the merge, will be exactly the same as the existing separate contributions to the two Funds.

Registration numbers: 12/8/33170 & 12/8/33171

Questions	**Answers**
Will members pay less tax on the combined benefits after the merge than on the existing separate benefits from the two Funds?	No, the tax on the combined benefits after the merge, will be exactly the same as the tax on the existing separate benefits from the two Funds.
Will members pay tax when their benefits are transferred from the Pension Section to the Provident Section?	The transfer is not taxable, but SARS requires that the Fund applies for a tax directive on behalf of each member for the individual transfer amounts and if a member has any outstanding tax, SARS requires that the outstanding tax be deducted from the member's transfer value and be paid to SARS. The net transfer amount is then transferred to the Provident Section.
Will there be any cost savings after the merging of the two Funds and will the members benefit from that?	The Fund will incur additional once-off costs for the implementation of the merging of the two Funds but thereafter will save some on-going running costs for the operation of the merged Fund (e.g. one set of annual financial statements, one actuarial valuation, one benefit payment, one set of minutes for trustee meetings, etc.). These costs are paid from an Expense Reserve Account of the Fund. This account is evaluated on an annual basis and a portion of this account is normally allocated to members on recommendation of the actuary of the Fund. Cost saving for the Fund would increase the likelihood and the possible amounts to be allocated to members.
How long will this process take?	The process has already started and the effective date is 1 November 2021. The first combined contribution happens at the end of November 2021. However, the Rules of the Fund needs to be consolidated and revised and the Section 14 Transfer needs to be prepared. Both need to be submitted and approved by the FSCA. This can take a few months. Members will be informed once the required approvals have been obtained.

Any further questions can be e-mailed to yourfund@columbus.co.za.