



The PlanMyBenefits online report – Scenarios and Assumptions

The PlanMyBenefits online tool uses many assumptions to illustrate what your retirement income could be. In addition, alternative scenarios are presented which are designed to illustrate and guide you towards achieving your retirement goals by showing the impact of choices that could affect your retirement savings.

This document details these different scenarios used in your report as well the assumptions.

Scenarios: The following scenarios were analysed in your report.

Each of these scenarios will result in a different retirement outcome. The “Base Scenario” is your current situation based on your portfolio selection and your contributions.

		Base Scenario	Scenario 1	Scenario 2	Scenario 3
Adjustment to % Contribution Rate	Percentage added / subtracted from member's current net contribution rate	0.00%	0.00%	0.00%	0.00%
Adjustment to Retirement Age	Years added / subtracted from current retirement age	0	5	0	5
Real Investment Growth		Actual Expected Return	Actual Expected Return	Fund Default Lifestage	Fund Default Lifestage
Default Annuity Type		Joint Life Annuity	Joint Life Annuity	Joint Life Annuity	Joint Life Annuity
Target Replacement Ratio as % of PRS		75.00%	75.00%	75.00%	75.00%

Should you require further clarity on what these scenarios illustrate, please book an individual session where this will be explained to you in detail.

Here you will be afforded the opportunity to request additional scenarios to be run and the results will be presented to you immediately.

Physical Address: 3rd Floor, Oxford & Glenhove Building 2, 114 Oxford Road, Rosebank, 2193

Postal Address: PO Box 5653, Rivonia, 2128

T: +27 11 447 7716 | **F:** 086 272 1177 | **E:** info@mentenova.co.za | www.mentenova.co.za

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**Assumptions used in the analysis:****Long Term Inflation (as measured by the CPI Index)**

6%

Investment Return

Actual member selection (if elected to opt out of Life Stage) or default Life Stage

Portfolios expected returns in table below:

Portfolio	Assumed Net of Fees Investment Return
CRF Balanced	CPI + 5%
CRF Inflation Plus	CPI + 4%
CRF Money Market	CPI
CRF Stable	CPI
CRF High Equity	CPI + 6%

Salary Increases

	First 15 Years (Age 19 -33)	Next 10 Years (Age 34 - 43)	Next 10 Years (Age 44 - 53)	Next 10 Years (Age 54 - 63)	After age 63
CPI +	2.00%	1.00%	0.00%	-1.00%	-1.00%

Note: The normal retirement age in the Columbus Fund is at age 60.

General Assumptions

- Salary increases are assumed once per annum
- Your contribution rate does not change over time.
- There are no additional voluntary contributions
- Income at retirement in today's terms
- The replacement ratio is based on your current salary after subtracting the retirement funding contributions
- You remain invested in fund until retirement
- No allowance has been made for income tax
- No portion of your pension fund is taken in cash at retirement

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Annuity Assumptions

The annuities are payable monthly in arrears

- Allowance has been made for a full CPI increase on the 1st of October 2017 and every 1st of October thereafter
- CPI will be determined with a 4-month lag
- Minimum guaranteed increases of 0% per annum
- Allowance has been made for a 5-year guarantee period from the annuity starting date
- Allowance has been made for payment in the month of death
- No allowance has been made for payment of a 13th cheque
- No allowance has been made for a lump sum death benefit
- Allowance has been made for spouse's reversionary pension of 50% on first death of the principal pensioner
- Spouses were assumed to be of opposite gender to that of the principal annuitant
- Husbands were assumed to be 3 years older than their wives
- No allowance has been made for remarriage after retirement
- Allowance has been made for an upload fee of R39 per member and on-going administration fee of R26.25 per member per month
- Allowance has been made for a consulting fee of 0.5% including VAT
- No allowance has been made for commission

CTC reference table

	Component	CTC	GUARANTEED Package/ annum	How Calculated
A	Basic Salary	Y	Y	Fixed
B	Fixed Allowances			
	Housing All	Y	Y	Fixed
	Shift Premium	Y	Y	Fixed
	Tea Premium	Y	Y	Fixed
	Annual Bonus (13th Cheque)	Y	Y	Fixed
C	Last 6 months Variable Pay			
	Overtime 1.5	Y	N	6 months Average
	Overtime 2.0	Y	N	6 months Average
	NS O/Time 1.5	Y	N	6 months Average
	Monthly Production Inc	Y	N	6 months Average
	Annual Management Bonus	Y	N	Fixed
	Package O/Time	Y	N	6 months Average
D	Employer Cost			
	CRF	Y	Y	Fixed
	Midmed	Y	Y	Fixed
	Sizwe Med Aid	Y	Y	Fixed
	Funeral Fund	Y	Y	Fixed
	Total Cost to the Company (CTC) = A+B+C+D			

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