

**THE ELECTRICAL
CONTRACTING INDUSTRY
PENSION FUND AND
PROVIDENT FUND
MEMBER BOOKLET**



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2. Introduction

The Electrical Contracting Industry Pension Fund and the Electrical Contracting Industry Provident Fund (the ECI Funds) were established in terms of the Labour Relations Act on behalf of the National Bargaining Council of the Electrical Industry of South Africa (N.B.C.E.I.) in Regions A and B.

The intention of the ECI Funds is to assist Members to save for their retirement for at least 35 years. therefore, all decisions made are done so with this long-term view in mind.

3. Operation of the ECI Funds

Joining the ECI Funds

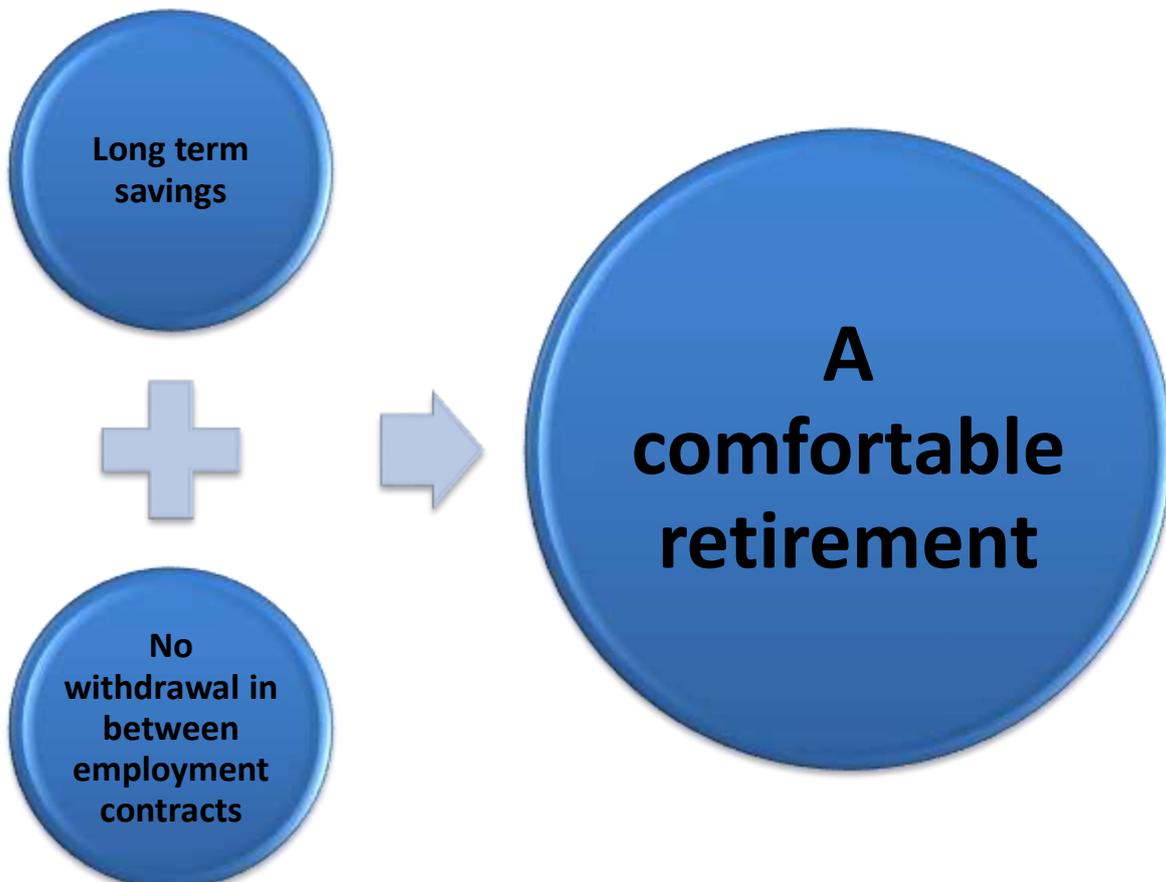
When you become an eligible Employee, you will be registered as a Member of the ECI Pension Fund or the ECI Provident Fund by your Employer.

Contributions to the ECI Funds

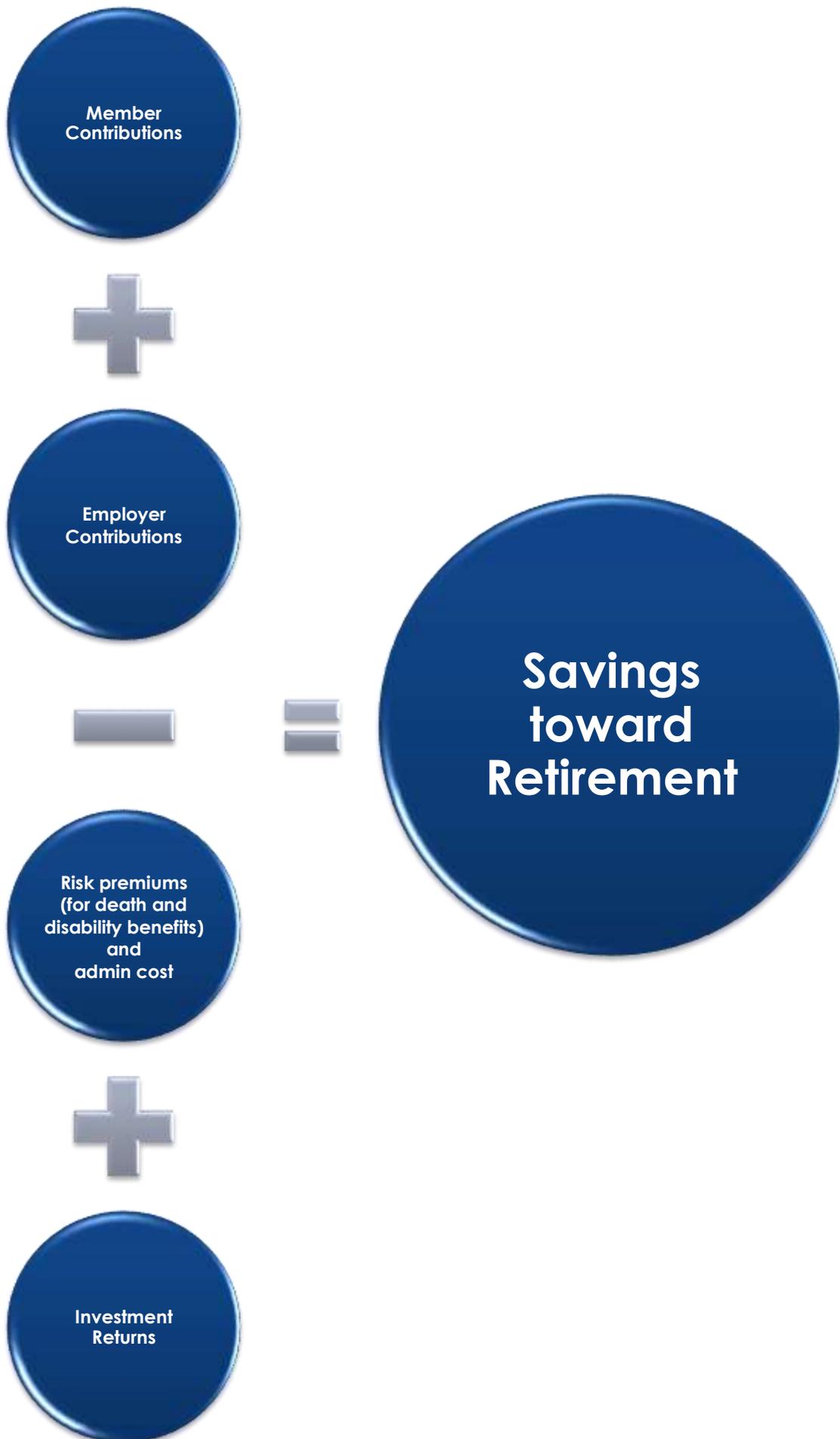
Both the Member and the Employer contribute towards the ECI Funds at 7.5% as per the published minimum wage rates, by the NBCEI.

Eligible Employee

An eligible Employee means a person employed in the industry for whom contribution is prescribed in terms of the Pension/ Provident Funds Agreement and includes any other categories of persons which the Council has allowed to join the ECI Funds



Which contributions go into my retirement savings?



Arrear and late contributions

The duty of deducting money and paying over contributions remains the responsibility of the Employer, failure to do so, will result in late payment interest incurring, as prescribed by the Pension Funds Act. This interest is payable by the Employer. To avoid late payment interest, contributions must be paid over by the 15th of each month, following the month in which such contributions were deducted.

IMPORTANT

Late contributions and arrear contributions will possibly **DISQUALIFY** you from the death, funeral and disability benefits. It is therefore **VERY IMPORTANT** that you inform the ECI Funds if your Employer is not paying over contributions or where your employer pays over the contributions after the due date.

What to do when your Employer does not pay contributions?

- Put a formal complaint to your Employer/ your Union/ to the NBCEI in writing (keep copies for yourself)

The Employer is personally criminally responsible if contributions are not paid to the ECI Funds

- Make sure your Employer is aware of this
- If your Employer does not fix this within 30 days, contact the ECI Funds via the Council tel 011 339 2312 or email ecifund@nbcei.co.za

If it still has not been rectified

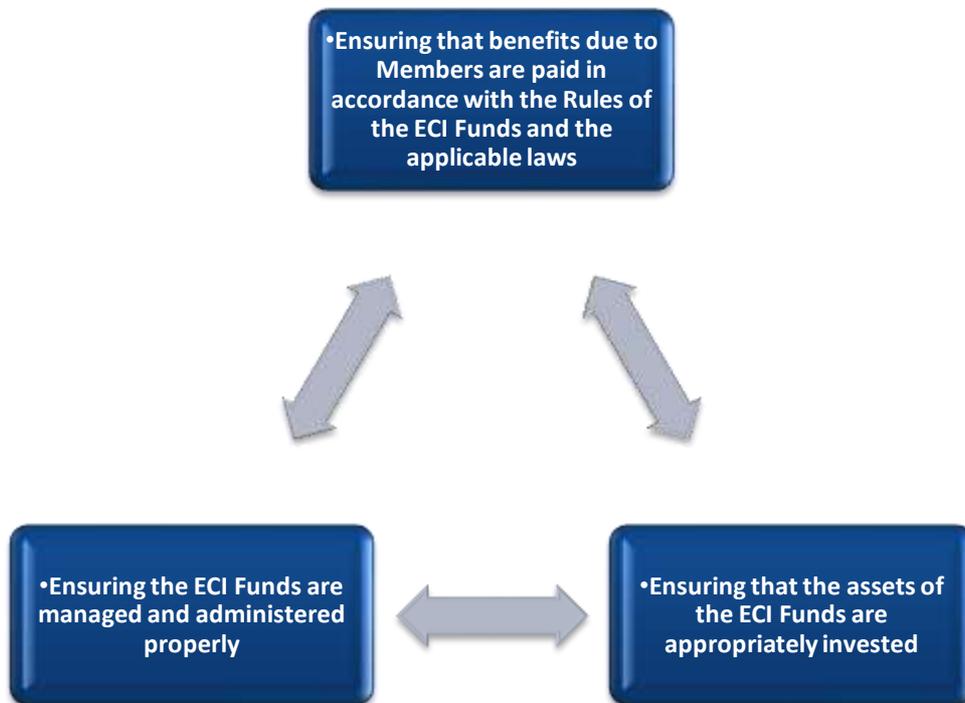
- Alert the Pension Funds Adjudicator, via www.pfa.org.za or enquiries@pfa.org.za or via 086 066 2837



4. Management of the ECI Funds

The ECI Funds are managed by a Board of Trustees. The Trustees meet regularly to discuss the business of the ECI Funds who are required to act in the interest of the ECI Funds Membership.

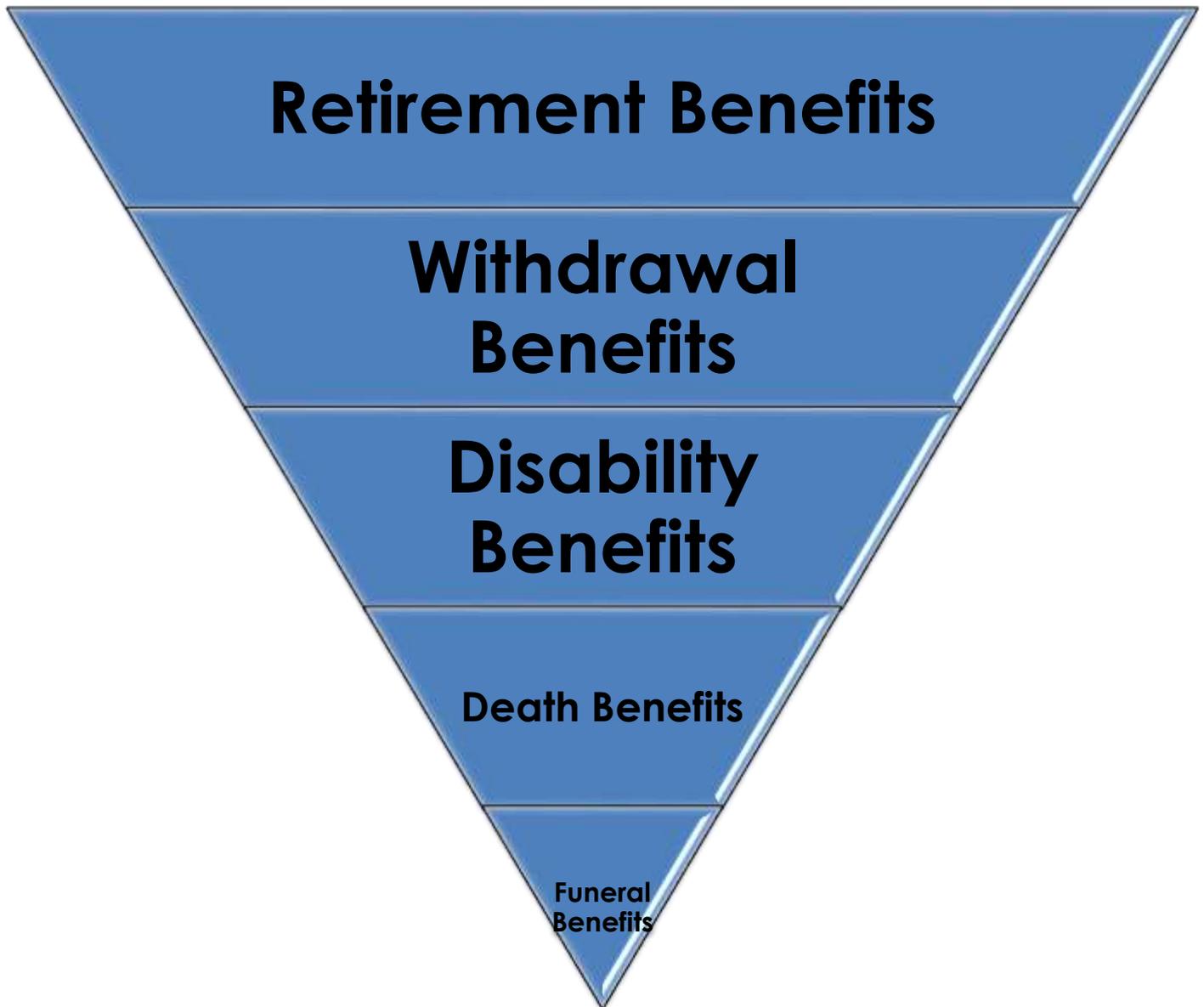
Duties of the Trustees



The Trustees are required to appoint and consult with appropriate professional advisers to enhance the management of the ECI Funds, in line with their duty of care. The ECI Funds' assets are invested by professional investment managers who are appointed by the Trustees.

5. Member Benefits

The main objective of ECI Funds is to provide retirement savings; however, the ECI Funds provides additional benefits as illustrated below:



6. Retirement Benefits

Normal Retirement Date

- The last day of the month in which the Member turns 65

Retirement benefits

- Member Contributions
- + Voluntary Additional contributions
- + Investment Returns
- + Employer Contributions
- - risk premiums (for death and disability benefits and admin cost)
- = Retirement Benefit

For Pension Fund Members and Provident Fund Contributions after 1 March 2021 (if the Member was younger than 55 on 1 March 2021)

- If the retirement benefit is less than R247,500, the full benefit can be taken in cash
- If the retirement benefit is more than R247,500, then 1/3 of the benefit can be taken in cash and the remaining benefit must be used to purchase an annuity (a monthly pension)

For Provident Fund Members who were younger than 55 before 1 March 2021 and made contributions prior to that date

- The full contributions made before 1 March 2021, can be taken in cash, at retirement
- Members who were 55 or older on 1 March 2021, can take all contributions in cash

Tax on Retirement Benefits

When you retire, an amount, calculated in terms of the Income Tax Act will be free of tax (currently R500 000) and the rest of your lump-sum is taxed according to the table as at 1 March 2021* below:

TAXABLE AMOUNT	TAX RATE
R1 – R500 000	0% of taxable income
R500 001 - R700 000	18% of taxable income above R500 000
R700 001 - R1 050 000	R36 000 + 27% of taxable income above R700 000
R1 050 001 and above	R130 500 + 36% of taxable income above R1 050 000

**Please note the table is subject to changes annually by SARS*

Counselling when close to retirement

Due to recent changes in legislation, all Pension and Provident Funds are required to provide counselling to Members before they retire and to offer a default annuity product upon retirement. The ECI Funds have outsourced this function.

You will be contacted by the service provider at least 5 years before retirement and they will be in constant contact with you to guide you through the best choices at retirement.

It should be noted that benefit counselling does not entail the provision of financial advice to Members. It merely provides factual information about the default options that are available to the Members in the ECI Funds to enable Members to make more informed decisions about their retirement planning.

Default Annuity

National Treasury requires that all pension funds have Default Annuity strategies to assist Members with their decisions at retirement, the default regulations also require that a fund provides Benefit Counselling to Members to enable them to better understand a fund's default annuity solution and are thus able to make more informed decisions when retiring. The aim of the legislative change is to present you with suitable annuity options at lower pre-negotiated fees.

Default is a option available for Members to choose a product for your Pension

Annuity is a monthly pension bought with your Share of Fund at retirement

Retirement Fund Claims Process

When a member reaches retirement age, the Member should submit the documents detailed below. All information requested on the claim benefit forms must be provided. Members must ensure that their tax affairs are in order and that their banking details are correct. It is important to note that neither the ECI Funds or the Administrator shall be held liable in instances where benefits were paid into incorrect bank accounts because of the information provided

Forms/Documents Required

- A completed retirement Claim Form (available from the Call Centre/ the ECI Funds' website)
- A certified copy of the Member's ID
- A Bank confirmation letter or a bank statement (not older than 3 months)
- SARS income tax NUMBER (IT77, IRP5, IT150)
- Transfer detail form and a quotation from broker when transferring to another fund (compulsory for retirees with funds exceeding R247 500.00 and above)
- Divorce decree if applicable
- Maintenance order if applicable

The above forms must be provided to the ECI Funds' Call Centre at the N.B.C.E.I by contacting:

 011 339 2312  ecifund@nbcei.co.za  @ECIRegionAandB  068 210 6783



7. Withdrawal Benefits

You are no longer employed in the industry: what are your options?

Keep your benefits in the ECI Funds to remain invested:

- The law now makes provision for you to leave your money in the ECI Funds when you are employed in a different industry
- This has NO TAX implications and minimal fees are charged i.e., administration, professional and investment fees

Transfer your benefit to a Preservation Fund:

- Preservation funds are specially designed pension or provident funds that are managed by a Board of Trustees
- Your benefit can be transferred TAX-FREE to a preservation fund, and you will be allowed one opportunity to withdraw part of the value or the full value in the preservation fund before retirement

Transfer your benefit to a Retirement Annuity:

- Transfers to retirement annuities are TAX-FREE. Your benefit will be preserved until you are at least 55, after which you may take the benefit as a retirement benefit
- A retirement annuity is not as flexible as a preservation fund, and you cannot make withdrawals from it before retirement

Transfer your benefit to a new Employer's fund:

- If you are moving to another company, outside of the Electrical Contracting Industry, you may have the option to transfer your accumulated retirement savings to your new employer's fund

Take your benefit in cash:

- You may be tempted to opt for a cash payment of your accumulated retirement savings
- Generally, this is not a good idea!
- Not only will SARS make you pay for this 'privilege' but you will also build up less for your retirement
- The TAX payable depends on the cash amount payable and the applicable tax rates

Paid-Up Members (formerly Dormant members)

Legislation now permits Members to not withdraw their benefit monies when they leave the electrical industry. Such Members become so called "paid-up Members" and the Administrator will issue a Paid-Up Certificate to these Members. If you have chosen this option, and do not receive a certificate, please alert the Funds. It is important to safeguard your certificate and share it with your family.





Why you should resist the temptation of a cash payment

- Research has shown that it is very important for Members not to take their retirement benefit in cash, but rather to preserve it as part of their provision for retirement
- Younger Members are often tempted to take their benefit in cash at termination of employment, because they believe they still have lots of time to save for retirement
- Calculations done by Actuaries show that if a Member with 10 years' service takes their benefit in cash at termination of employment, that Member will have to increase future contribution rates by between 4% to 19% of their wages until retirement to provide a pension of 75% of their wages at retirement



STAY PLUGGED IN TO YOUR
RETIREMENT FUND TO ENSURE A
BETTER RETIREMENT



Withdrawal Benefits (payable when the Member no longer works in the industry due to resignation, dismissal or retrenchment)

The withdrawal benefit is a Member's Fund Credit, which is made up as follows of the member contributions, plus the employer's contributions less risk or insurance premiums, less administration costs plus investment income. If you withdraw, the entire amount is taxed according to the table as at 1 March 2021* below:

TAXABLE AMOUNT	TAX RATE
R0 - R25 000	0% of taxable income
R25 001 - R660 000	18% of taxable income above R25 000
R660 001 - R990 000	R114 300 + 27% of taxable income above R600 000
R990 001 and above	R203 400 + 36% of taxable income above R990 000

**Please note the table is subject to changes annually by SARS and that the tax table on page 9 applies if you were retrenched*

Once you have exercised the option of withdrawal or become a paid-up member, you will no longer be entitled to the ECI Funds' risk cover.



Withdrawal Claims Process

The Member should submit the documents detailed below. All information required on the claim benefit forms must be provided. Members must ensure that their tax affairs are in order and that their banking details are correct. It is important to note that neither the ECI Funds or the Administrator shall be held liable in instances where benefits were paid into incorrect bank accounts because of the information provided

Forms/Documents Required

- A completed Withdrawal Claim Form (available from the Call Centre/ the ECI Funds' website)
- A certified copy of the member's ID
- A Bank confirmation letter or a bank statement (not older than 3 months)
- SARS income tax number (IT77, IRP5, IT150)
- Transfer detail form and a quotation from broker when transferring to another fund
- Divorce decree if applicable
- Maintenance order if applicable

The above forms must be provided to the ECI Funds' Call Centre at the N.B.C.E.I by contacting:

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8. Disability Benefits

Should you become totally disabled, either temporary or permanently, because of illness or an accident before reaching your normal retirement date and thus become unable to perform the work of your own occupation, you will receive a monthly disability income.

Your disability income is equal to 55% of your prescribed monthly wage

You will remain a Member of the ECI Funds until either your normal retirement date or upon death. The insurer will continue to make full contributions (i.e., 15% of your minimum wage) on behalf of the employer and employee. You will remain covered for funeral and death cover benefits

DISABILITY BENEFITS

The disability income benefit will increase every year, at the anniversary of your first disability payment, and at the rate of 5% per annum

You will be required to do a medical assessment on an annual basis on the anniversary of your benefits. Without an annual medical assessment you will not qualify for any further disability payments, until your medical assessment has been provided

Disability Claims Process

It is important to note that neither the ECI Funds or the Administrator shall be held liable in instances where, the claim is not approved by the insurer, or benefits were paid into incorrect bank accounts as a result of incorrect/incomplete information provided

Forms/Documents Required

- A completed Disability Claim Form (available from the Call Centre/ the ECI Funds' website)
- A certified copy of the member's ID
- A Bank confirmation letter or a bank statement (not older than 3 months)
- Employer Report (Insurer Form)
- Employee Report (Insurer Form)
- Detailed Medical Report by a medical practitioner (not older than 3 months)
- Any additional report that would aid your claim Maintenance order if applicable

The above forms must be provided to the ECI Funds Call Centre at the N.B.C.E.I by contacting:



011 339 2312



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Please note that all documentation required for the assessment of a disability claim, must be submitted within 6 months of date of disability



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9. Death Benefits

The following death benefits are payable to your dependants, beneficiaries or nominees upon your death in service before retirement:

Your Fund credit

PLUS

The insured lump sum benefit which is currently 3 times your minimum annual prescribed wage (Prior to 15 October 2021 2.5 times your minimum annual prescribed wage)

Distribution of Death Benefits

The Distribution of Death Benefits are done in accordance with section 37C of the Pension Funds Act.

The Trustees are required to conduct a thorough investigation to identify and to trace all dependants, beneficiaries or nominees. The Trustees have to distribute the benefits according to each dependants's level of dependency.

Nomination forms are used as a guide only. Trustees are not forced to distribute the death benefits according to your wishes or follow the provisions in your last Will and Testament.

How will the Trustees know who my dependants, beneficiaries or nominees are?

Every Member must complete a Beneficiary Nomination Form, this clearly shows your dependants, beneficiaries or nominees. Please contact your nearest office of the NBCEI for a copy of this Beneficiary Form. A new Form must be submitted each time there are changes to your dependants, for example - if you get married, divorced, a child is born, if there's a death of a dependant etc.



If you get married, divorced, a child is born, a dependant becomes deceased remember to **UPDATE YOUR BENEFICIARY FORM**



Who is a dependant?

“Dependant” in relation to a member, means –

- a) a person in respect of whom the member is legally liable for maintenance;
- b) a person in respect of whom the member is not legally liable for maintenance, if such person.
 - i. was, in the opinion of the Board, upon the death of the member in fact dependant on the member for maintenance;
 - ii. is the spouse of the member;
 - iii. is a child of the member, including a posthumous child, an adopted child and an illegitimate child;
- c) a person in respect of whom the member would have become legally liable for maintenance, had the member not died.

What if I have a Will that already states who must receive my benefit?

The death benefit does not form part of the Estate and therefore a Will cannot dictate how the benefit should be distributed. The Trustees are responsible for distributing death benefits according to the Rules of the Funds and the requirements of the Pension Funds Act.

If the Trustees are the ones who decide on how my death benefit is distributed, why must I still complete a Form?

The Form acts as a guide to the Trustees in identifying and tracing your dependants and also indicates the level of dependency each had on you.

I do not have dependants; must I still complete a Beneficiary Nomination Form?

If you do not have anyone who is financially dependent on you, you must still nominate someone to receive your death benefit in the event of your passing away whilst in benefit. This person/s is referred to as a nominee.

What information must I give when completing the Form?

The full names and contact details of your dependants, beneficiaries or nominees and their relationship with you. You must also tell the Trustees how the benefit should be split.

Death Claims Process

When a Member dies in benefit, the surviving spouse or dependants must submit the claim by providing the information required below. **Please note** neither the ECI Funds or the Administrator shall be held liable in instances where the claim is not approved by the insurer or benefits were paid into incorrect bank accounts as a result of incorrect/ incomplete information provided

Forms/Documents Required

- Fully Completed Benefit Claim Form (available from the Call Centre/ the ECI Funds' website)
- Beneficiary Nomination Form (available from the Call Centre/ the ECI Funds' website)
- Certified Copy of the deceased Member's Death Certificate
- Certified Copy of the deceased Member's ID Copy
- Certified Copy of the marriage certificate
- Affidavit confirming the deceased marital status as at the date of death
- Certified copy of the spouse(s) ID document(s) and their banking details
- Certified copies of all beneficiaries' birth certificate or ID Copy and their banking details
- Affidavit confirming legal guardianship of the dependants/Nominees
- Member tax number (important)

The above forms must be provided to the ECI Funds Call Centre at the N.B.C.E.I by contacting:

 011 339 2312  ecifund@nbcei.co.za  @ECIRegionAandB  068 210 6783

Taxation of Death Benefits

The death benefits are taxed according to the following tax table as at 1 March 2021*::

TAXABLE AMOUNT	TAX RATE
R1 – R500 000	0% of taxable income
R500 001 - R700 000	18% of taxable income above R500 000
R700 001 - R1 050 000	R36 000 + 27% of taxable income above R700 000
R1 050 001 and above	R130 500 + 36% of taxable income above R1 050 000

* Please note the table is subject to changes annually by SARS

10. Funeral Benefits

LEGISLATION CHANGES AND BENEFICIARY NOMINATION FORMS

There have been instances when employers assist their employees by advancing them the funeral benefit and then request that the Insurers refund the employer when the funeral benefit is paid.

Please be informed that in terms of the Insurance Act 18 of 2017, NO funeral benefit (unapproved benefit) may be paid to the employer any longer by law.

In terms of the Insurance Act 18 of 2017:

“beneficiary” means— ...

(b) in the case of a group insurance policy—

(i) a member of the association or fund, or an employee; or

(ii) a person nominated by the member referred to in subparagraph (i) in respect of whom the insurer should meet the insurance obligations, which person is not the association, fund or employer;”

Therefore, in the absence of a Nomination of Beneficiary Form the benefit will be paid to the estate of the deceased. Due to the negative impact that this will have on the dependents and/or beneficiaries of the insured, we require your support to encourage all insureds (all Fund and risk only members) to complete the attached Nomination of Beneficiary Form.

Employers are required to submit the completed Nomination of Beneficiary Form to the Call Centre at the Council.

Please also keep a copy of employees “Nomination of Beneficiary Form” in a safe place at the employer’s premises.

Type of Cover

Main Member (up to age 65)

Spouse (up to age 65)

Unmarried Children aged between 14 and 21

Unmarried Children aged between 6 and 14

Childran under 6 and stillborn babies

Funeral Benefit

R20 000

R15 000

R10 000

R7 500

R3 500



Please note that written notice of the *Member's death* and *all documents required* must be submitted within **6 months** of date of death.

Funeral Claims Process

When a qualifying insured person passes on, the surviving Member/ spouse or dependants must submit the claim by providing the information required below. Please note It is important that neither the ECI Funds or the Administrator shall be held liable in instances where the claim is not approved by the insurer or benefits were paid into incorrect bank accounts as a result of incorrect/incomplete information provided

Forms/Documents Required

- Fully Completed Claim Form (available from the Call Centre/ the ECI Funds' website)
- Certified Copy of the deceased Member's Death Certificate
- Certified Copy of the deceased Member's ID Copy
- Certified Copy of the marriage certificate
- Affidavit confirming the deceased marital status as at the date of death
- Certified copy of the claimant's ID document(s) and their banking details
- Certified copy of stillbirth or a copy of the antenatal card and a letter from the hospital in the case of stillbirth
- SAPS statement or fully completed applicable form in the case of death due to unnatural causes

The above forms must be provided to the ECI Funds Call Centre at the N.B.C.E.I by contacting:



011 339 2312



ecifund@nbcei.co.za



@ECIRegionAandB



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11. Role Players in Processing Claims

Call Centre (N.B.C.E.I) Council Responsibilities

- Assisting Members to complete benefit claim forms for all claim types
- Ensuring that all required documentation to process a claim is sent to the Administrator timeously
- Notifying the insurer of pending claims that are still to be submitted to the insurer
- Corresponding with the Administrator on claim queries and claim notifications (global change)
- The Members communicate with the Administrator through the ECI Funds' Call Centre

Administrator Responsibilities

- Maintaining the records of the ECI Funds
- Calculating the benefit when Members leave the ECI Funds
- Applying for Tax directives and paying/ transferring benefits as required
- Communicating with the insurer and forwarding claim forms to the insurer



12. Permissible Deductions (Section 37D of the Pension Funds Act)

The following amounts may be deducted in terms of section 37D from the Member's benefit or the amount to be transferred in respect of a Member from one fund to another.

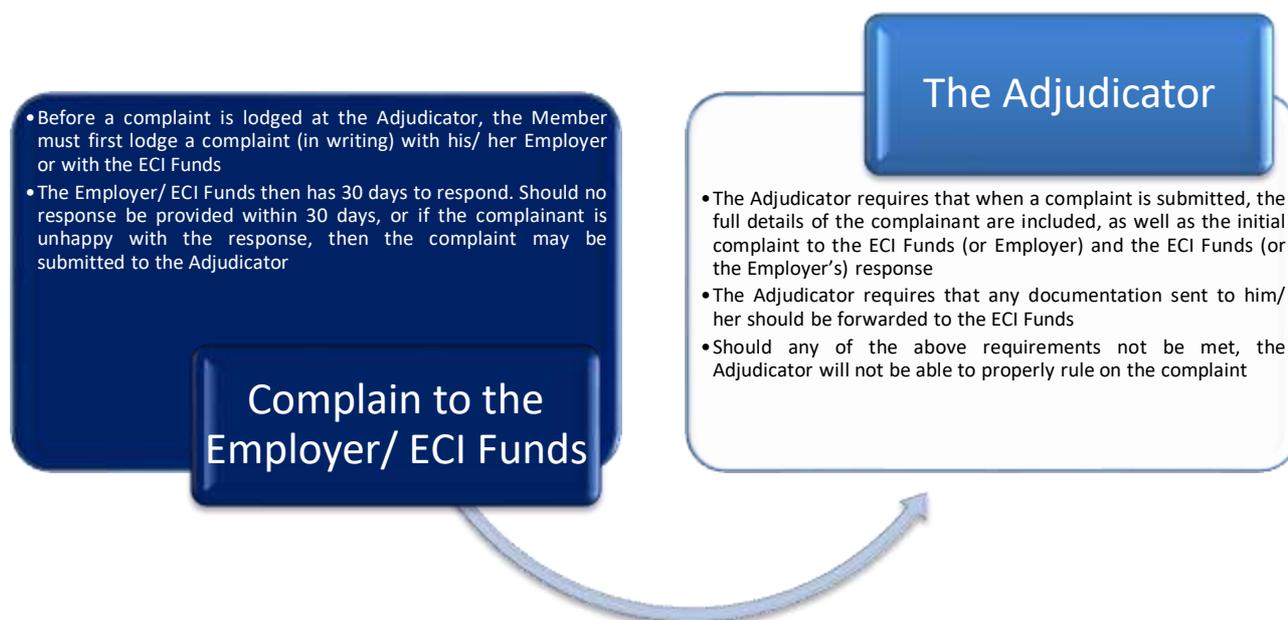
Deductable

- The amount of any income tax payable to SARS on the amount of benefits payable by the ECI Funds
- The amount due by the Member to his/her Employer on the date of his/her exit from the Funds in respect of compensation for any damage caused to the Employer by reason of theft, dishonesty, fraud or misconduct by the Member (*NB only if the Member has admitted liability in writing or a Court has found the Member guilty and liable*)
- A share of Member's pension interest payable to the non-member spouse from whom the Member is divorced as per a Court Order
- An amount payable by the member in terms of a Maintenance Order

13. Important Information

Pension Funds Adjudicator

The mandate of the Pension Funds Adjudicator is to ensure a procedurally fair, economical and expeditious resolution of complaints. Their services are free. The main function of the Adjudicator is to resolve complaints relating to the administration of retirement funds, the investment of the ECI Funds' assets and the interpretation and application of the Rules of the ECI Funds.



For further information on the Pension Funds Adjudicator, please visit their website (www.pfa.org.za) or make an enquiry via email at enquiries@pfa.org.za or call the Adjudicator's Call Centre on 086 066 2837

Financial Advice

Deciding on what to do with your retirement savings may be the most important financial decision that you could make in your life. You should put the necessary time into considering your options carefully, with the aid of a professional financial advisor. Below are a set of guidelines that you should consider when choosing a financial advisor. If you already have a financial advisor, you may wish to re-evaluate him/ her using these guidelines. What qualifications does he/ she have?

- Is he/ she a certified financial planner registered by the FSCA?
- What experience does he/ she have?
- Does he/ she have good references?
- Has your advisor ever been found guilty of misconduct?
- How does the advisor's fee compare with other advisors?