

THE DESIGN OF THE FUND

The CPUT Retirement Fund is a *Defined Contribution* arrangement.

This means that each month the Fund receives a contribution which is then allocated for your retirement savings. These contributions grow with the net investment return (which may be positive or negative) earned on the portfolio where you elect to invest your money. There is a separate guide titled your Investment choices dealing with your investment choices in the Fund.

So, the amount that you will have available for your retirement will depend on two factors, namely:

- The contributions that have been set aside for you as retirement savings; and
- Most importantly, the net investment returns you earn on this money.

Other than your retirement benefits, the Fund also provides benefits on your resignation, retrenchment, death and disability.

The Fund is also approved as a *Provident Fund*, which means that you can elect to receive your retirement and death benefits as any combination of a lump sum and/or pension.

The contributions paid to the Fund are split into three components, namely:

- Your Member Share Account (MSA) - it is into this account that contributions allocated for your retirement savings are channeled.
- A Risk Reserve Account that finances the death and permanent disability benefits provided by the Fund and the separate disability income arrangement.
- A Contingency Reserve Account that finances the costs of the scheme.

Your Member Share Account (referred to as Member's Share) is equal to the sum of:

- All employer contributions made towards your retirement; plus
- Any amounts transferred from the AIPF if you were a member before 1 December 1994; plus
- Any amounts transferred into the Fund from a previous Retirement Fund; plus
- Any amount credited as a result of the surplus apportionment as at 30 June 2004; plus
- Investment returns earned on all these amounts.