

# HAIRDRESSING BEAUTY AND SKINCARE INDUSTRY PENSION FUND

## #Defaultregulations

The Trustees of the HBSI Pension Fund outlines how the Fund will comply with these regulations which require the following:

- *Establish a default investment strategy*
- *Establish a method of preservation and portability*
- *Establish an annuitisation strategy that would be appropriate for their members*

**Regulation 37 requires that a fund offer its members a default investment portfolio, which is not excessively complex or unreasonably expensive.**

The Fund has since its inception in 2013 only invested in default investment strategies for all categories of membership, which is regularly reviewed by the Trustees.

**Regulation 38 requires that a fund offers its members the option of preservation and portability when leaving the service of their employer.**

The Fund allows members **upon leaving the industry**, the option to remain invested in the Fund via the In-Fund preservation option. This option allows members to remain invested in the same investment strategies and portfolios they were invested in upon exit, while still enjoying the benefits of economies of scale the Fund offers.

Members **who leave the industry** before retirement will now become paid-up in the Fund, until the Fund is instructed by the member in writing to make payment or transfer his/her benefit.

Regulation 38 also requires that members have access to retirement benefit counselling before their claim is processed. **The Fund now offers all its members this service through the Administrator's "retirement benefits counselling" platform.**

This service offers all members of the Fund with much needed information to assist in every step of their retirement savings journey, enabling members to make well informed decisions about their retirement savings.

**Regulation 39 requires that a retirement fund offers its members an annuity strategy.**

The Trustees decided to appoint Sanlam, as the service provider of the Fund's Out-of-Fund (in the name of the pensioner) annuity strategy which complies with regulatory requirements and are available to all members retiring from the Fund. Members retiring will be given access to **retirement benefits counselling** not less than three (3) months before they reach normal retirement age of 65.

The details of The Complete Picture Pension product ("TCPP") are as follows:

- TCPP is similar to a with profit annuity in that a pensioner will receive an increase after deduction of charges and the purchase rate of 3,5%.
- The actual increase percentage is calculated by deducting the "purchase rate" from the bonus declared.
- Member's retirement capital is invested in a "balanced investment portfolio".

- TCPP is thus better described as a new generation index-linked guaranteed annuity.
- The purchased pension will provide for a 5-year guaranteed period.
- At retirement, members will have the option to elect between a single life or joint life annuity. The difference as follows:

- 1) *Single Life: Pension payable for the life of the pensioner.*
- 2) *Joint Life: Pension payable for the life of the pensioner with 50% or 75% (as chosen by the pensioner at date of retirement) reversion to the surviving spouse.*

The following fees are levied by Sanlam on TCPP:

- Initial policy fee: R350,00
- Initial fee: 0,36% of purchase price
- Monthly administration fee: R30,00 per month
- Fee in increase formula: 2,00% p.a. of capital value

## #Takestock

### **Take stock and boost your retirement savings**

*Are your current retirement savings (member fund credit) enough to provide for your retirement one day? The chances are that you probably do not know the answer to this question. We tend to place so much attention on saving our pot of money but not enough focus on whether this pot will be enough to provide us with a reasonable income one day.*

### **“What is a good retirement for me?”**

*A “good retirement” is one in which you can maintain your standard of living in retirement and not have to rely on your children later in life. In other words, a “good retirement” would mean that we receive a level of income that meets our expenses each month and increases in line with the cost of living for the rest of our lives.*

### **How can you find out if you are on track for a good retirement?**

*Your Benefit Statement provides you with details of your current retirement savings, a summary of your fund benefits and an indication of how you track against your income goal at retirement. Instead of just skimming through your Benefit Statement, print it out and use it to have a meaningful discussion with your financial adviser.*

## #Contactdetails

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