



# Lancet Laboratories (Pty) Ltd Participating employer under GTC Umbrella Provident Fund and Discovery Group Risk Insurance Benefits Member Booklet 2025

## Table of Contents

Introduction	2
Definitions	2
Membership	3
Contributions	3
Two-Pot	4
Retirement	4
Leaving Service on resignation, dismissal, or retrenchment	5
Death Benefits	5
Disability Income Benefit	5
Funeral Benefit	6
Tax Benefits	7





## Introduction

The purpose of this booklet is to briefly explain the main terms and conditions of the GTC Umbrella Provident Fund and the Discovery Group Risk Benefits (that is, life insurance, disability, funeral benefits). The formal rules of the Fund and for the Risk Benefits, the insurance policies are the legal documents by means of which the benefits are provided. **This booklet is a brief description and cannot cover all eventualities and in the event of a conflict or difference between the documents, the rules and / or policies will prevail.**

Annually you will be provided with a retirement and risk benefit statement.

This will assist you in making sure your personal financial plans for the future are adequate.

### Facts about Retirement

According to a leading financial commentator, “Only the very rich will be able to afford an idyllic retirement. For most people, retirement is going to be very different. The message to people who are still complacent about retirement is: **Wake up and start planning!** Nobody is going to look after you when you retire.”

**Fact: Only 6 out of every 100 South African pensioners are financially independent.**

**Fact: 31 out of every 100 South African pensioners must work after retirement.**  
*However, will your health permit you to work and if so, will you find employment after retirement?*

**Fact: 47 out of every 100 South African pensioners rely on family for support.** +  
*However, will your family be able to afford it?*

**Fact: 16 out of every 100 South African pensioners rely on state old age pensions because they will have absolutely no other possible means of income.**  
*However, will you be eligible for this, and will it be sufficient to meet your needs?*

A major factor contributing to the above statistics is that majority of South Africans withdraw their retirement savings in cash each time they change jobs. However, it is normally better to preserve the benefits you have built up in the Fund. The options are described in this booklet. Retirement is often the furthestmost thought from the younger generation’s minds. By the time it becomes a reality, it is often too late to do anything about it. The younger you are when you start a long-term financial plan, the more likely you will be to enjoy a financially secure retirement.

**One good way to start planning for retirement is by understanding your benefits under the GTC Umbrella Provident Fund.**

### Definitions

The following terms are used in this booklet:

<b>The Employer:</b>	Lancet Laboratories (Pty) Ltd and any subsidiary company participating in the Fund.
<b>The Fund:</b>	GTC Umbrella Provident Fund.
<b>Normal Retirement Age:</b>	Age 60
<b>Member:</b>	An employee eligible to join the Fund.
<b>Pensionable Salary:</b>	The annual salary amount used in calculating your contributions to the Fund.
<b>Risk Salary:</b>	Based on Fixed Basic Salary
<b>Selected Investment Portfolio:</b>	The investment portfolio or portfolios chosen by you for investment of the net contributions, amounts transferred from a previous fund and any additional voluntary contributions made by you.
<b>Fund Credit:</b>	The value of the units in the Selected Investment Portfolios.



## Membership

### Who?

It is a condition of employment that all permanent staff under the Normal Retirement Age become members of the Fund.

### When?

You become a member of the Fund from the first day of your active employment.

### GTC – Retirement Fund Administrator

### Discovery Group Risk – Risk Benefits Administrator

### Death, Disability & Funeral

## Contributions

### Member Contributions

You have a choice to contribute:

**3.5%, 5%, 7% or 10%** of your monthly Pensionable Salary. New members who do not select a member contribution rate will default to **3.5%**.

You are allowed to effect changes to your contribution level once per annum, effective 1 March each year.

For those members who have not yet reached the maximum contribution rate of 10% to boost their retirement savings, you are encouraged to increase your contribution percentage rate, and once the AVC processes are finalised, we will share detailed communication outlining the benefits and guidelines.

No costs are deducted. All monies go directly into your investment savings.

## Employer Contributions

Your Employer contributes **4%, 5%, 5.5% or 6%** of your monthly pensionable salary dependant on your years of service.

Administration, consulting and group risk benefits are paid in addition to the above rates. The Life Cover is provided on an approved tax basis and in terms of the Income Tax Act, the proceeds will be taxed at payout. The Voluntary Flex cover, Income Disability and Funeral benefits are provided on an unapproved tax basis and in terms of the Income Tax Act, the premiums are not tax deductible, but benefits payable are tax-free.

## Tax treatment of contributions

- The tax deduction for employee/member contributions to provident, pension and retirement annuity funds will be limited to the higher of 27,5% of taxable income and “gross remuneration”.
- An overall annual tax-deductible limit of R350 000 will be applied to contributions regardless of the contribution rate.
- Employer contributions to pension and provident funds will constitute a fringe benefit in the hands of employees and will also be regarded as employee / member contributions for purposes of the tax regime.

## Investment of Contributions

### Where are my Provident Fund contributions invested?

Members have a wide range of options to choose under the GTC Umbrella platform. Members are encouraged to seek advice from their financial adviser should they be uncertain on investment choice. All the investment options plus the full fund fact sheets are available on the GTC portal and Aon Microsite.

**Note:** Past performance is no indication or guarantee of future performance.



## Trustees' Default Portfolio

Should you not make an investment choice or choose not to make a choice, your monies will be invested in the GTC Lifestage Default Portfolio.

The Lifestage model works as follows:

**GTC One** – for members aged 55 and over and for other members who elect this portfolio

**GTC Three** – For members aged 51 – 54 and for other members who elect this portfolio

**GTC Five** – For members aged 50 and under and for other members who elect this portfolio

## Options to Change Investment Portfolios

Members are permitted to switch once during the year at 1 March. Switching is free. Members are encouraged not to time the market but spend time in the market. Members are reminded that investments are long term.

As your financial needs change, you may wish to switch portfolios however frequent changes are not recommended. Investment switches may be done with GTC, or you may complete an investment switch form and return it to your HR Department.

## The Two-Pot System Terminologies

### Vested Pot

Retirement savings as at 31 August 2024 are allocated to the Vested Pot. Existing fund rules apply to the vested portion. 10% of retirement savings accumulated before 01 September 2024 (up to a maximum of R30 000) was taken from the Vested Pot and allocated to the Savings Pot as a starting value (seeded amount). The remaining balance was allocated to the Vested Pot. Contributions in the Vested Pot made since 01 March 2021 will be subject to the 1/3<sup>rd</sup> annuitisation rule, that is, you may only be able to encash 1/3<sup>rd</sup> of this amount at retirement and the remaining 2/3<sup>rds</sup> must be used to purchase an annuity income. The 1/3<sup>rd</sup> rule won't apply if you were aged 55 and over on 01 March 2021 and remain in the same fund.

### Savings Pot

One third of contributions made from 01 September 2024, together with the seeded amount, will be allocated to the Savings Pot. Funds in this pot can be accessed once per tax year in an emergency. Don't be tempted to withdraw from your Savings Pot, other than for an emergency, as this will negatively impact your retirement outcome plus you pay tax at your marginal rates on any withdrawal.

### Retirement Pot

Two thirds of contributions made from 01 September 2024, will be allocated to the Retirement Pot and preserved until retirement. You must purchase an annuity income with your Retirement Pot. You may only encash if the total amount is less than R165 000.

## Key Notes

The Two-Pot System will not automatically apply to provident fund members who were 55 years or older on 01 March 2021. These members will need to opt in.

If you aren't exempt from the Two-Pot system in terms of the law, the contribution split into the Savings and Retirement Pots is mandatory and will be automatically implemented.

## Retirement

### Normal Retirement

At Normal Retirement Age 60 (Sixty) you will receive your Fund Credit, which can be taken as a lump sum (the amounts that are allowable) and/or as an annuity **purchased in-fund** or from any other insurer or service provider.

The Retirement Pot must be used to purchase an annuity income. The Vested Pot may be taken in cash and subject to taxation. The 1/3<sup>rd</sup> annuitisation rule will apply to all new build-ups (Non-Vested amount) in the Vested Pot from 01 March 2021. If 2/3<sup>rds</sup> of the Non-Vested amount plus the Retirement Pot is R165 000 or less, the member may take the entire amount in cash (that is, both the Non-Vested amount and the Retirement Pot).

The Savings Pot may be taken in cash and subject to taxation or can be added to your Retirement Pot to buy an annuity income.



## Early Retirement

With the Employer's consent you may retire at any time after age 55 years (or before that time if you are retiring through ill-health and do not qualify for the payment of a disability income benefit as described on page 5). Your Fund Credit will be payable to you, and you will have the same options and conditions as you would have had on retirement at Normal Retirement Age.

## Leaving Service on resignation, dismissal, or retrenchment

### How Much Do I Get?

The Vested Pot may be taken in cash or preserved. The Retirement Pot must be preserved until retirement. The Savings Pot may be preserved or taken in cash and subject to taxation.

### Is Tax Payable?

Yes, most of the payment is taxable if you take it as a cash lump sum. See tax tables towards the end of this booklet.

Alternatively, the benefit can be transferred **tax free** to your new employer's retirement fund or an approved preservation (in-fund or external) or retirement annuity fund. Full details of the options available will be given on leaving the Fund and you are strongly recommended to obtain financial advice before making any decisions.

### Continuation Option (Converting to an individual Policy)

Approved Core Life Insurance Benefit	Yes
Unapproved Flex Life Insurance Benefit	Yes
Disability Income Benefit	Yes
Funeral Benefit	No

## Death Benefits

### Amount of Death Benefit

The death benefits consist of your Fund Credit, a core life insurance benefit which is compulsory and a voluntary life insurance benefit which is optional.

If you die before Normal Retirement Age of 60 (or before age 70 years if on late retirement) whilst a member of the Fund, your dependants and beneficiaries will receive a cash benefit equal to:

- Your Fund Credit** at the date of death
  - PLUS
- Three times your annual Risk Salary (core benefit)**
  - PLUS (where applicable)
- Any additional Voluntary life insurance benefits equal to 10 times your annual Risk salary subject to a maximum cover of R18,000,000**, as selected by you. Please note you will need to be medically underwritten should you elect to flex your death cover. Premiums will be deducted from your salary once confirmed and accepted by Discovery Life.

### Notes:

- Cost of flex benefit is 0.2292 cents per R1,000 sum assured.
- Cover to continue whilst disabled; If you are receiving a disability benefit, premiums will continue to be paid, and your death benefit will remain in place.
- Global Education Benefit is included in the death benefit and in the event of your death, your children's education costs will be covered, subject to the insurer's policy conditions. The education costs are payable up to tertiary qualification and paid over and above the lump sum death benefit.
- Voluntary cover may increase / decrease annually on 1 March or when certain specific life events occur such as births, marriage, divorce etc.
- A suicide exclusion clause will apply for the first 24 months in respect of voluntary cover.
- The death benefit will not be paid if you are over the maximum age of 60. Policy exclusions are defined per insurance policy.
- Medical free cover limit on core cover is currently R4,800,000

### Who Receives the Death Benefit?

The Pension Funds Act directs the Trustees of the Fund to distribute death benefits payable from the Fund between your dependants and beneficiaries (if any) in an equitable manner. In normal circumstances, the benefit would be paid to your spouse and/or children and/or to any other person who was financially dependent on you.



The **life insurance benefit** i.e. the core benefit (Approved) will be payable according to Section 37C of the Pension Funds Act as per the funds from your Provident Fund and the voluntary cover will be distributed in terms of your Beneficiary Nomination Form. In the absence of a Beneficiary Nomination Form, the benefit will be paid into the estate.

**Dependants and Beneficiaries**

It is important that you complete both a Beneficiary Nomination Form in respect of life insurance benefits provided by the Fund and a separate Beneficiary Nomination Form for your insured Unapproved life insured benefits. This will assist in the distribution of your life insurance benefits. It is important that you keep the information up to date and complete new forms whenever a change occurs in your personal circumstances. These forms are available SCUBED and the Aon Microsite.

**Funeral Benefit**

A lump sum according to the scale below is payable on your death or the death of a spouse / partner or child (up to age 24, if the child is studying full-time):

Member	R 30 000.00
Spouse / partner	R 30 000.00
Child 14 – 21 years	R 30 000.00
Child 6 – 13 years	R 15 000.00
Child under 6 years	R 6 000.00
Stillborn (28 weeks)	R 3,750.00

Repatriation will be covered for the transportation of the body from the place of death (within South Africa), where the remains are kept, to a funeral undertaker in the city/town where the burial will take place to the following stated countries: Botswana, Lesotho, Mozambique, Namibia, Republic of south Africa, Swaziland and Zimbabwe. Transportation of the remains will not be done if less than 150km between the place of death to the funeral undertaker.

The **funeral benefit** will be distributed in terms of your Beneficiary Nomination Form. In the absence of a Beneficiary Nomination Form, the benefit will be paid into the estate.

**Disability Income Benefit (medical free cover limit currently R79,425 pm)**

In the event of your total inability to perform your own occupation for a period of at least 3 continuous months as a result of illness or injury and if your claim is accepted by the insurance company, an income benefit will become payable from the end of the 3-month period. This income benefit is equal to:

- 80% of the first R10,000 of your monthly Risk Salary,
- 60% of the next R30,000 of your monthly Risk Salary
- 50% of the remainder of your monthly Risk Salary capped at the lower of R 125 000 per month and your net monthly income.

The benefit paid will increase each year by the lesser of 7.5% and CPI. You will remain a member of the Fund and continue to accumulate your retirement benefits (and be covered for life insurance benefit and any additional benefit selected) until the earliest of:

- Recovery from your disability;
- Attainment of Normal Retirement Age; or Death

A Premium Waiver will be paid by Discovery Group Risk to contribute to the Fund on your behalf at a rate of 7.25% of your monthly Risk Salary.

Continuation of cover in personal capacity upon resignation.

The benefit will not be paid if you are over the maximum cover age of 60.

Pre-existing conditions: A disability claim will not be paid within the first 12 months of cover for a disability that was caused by an illness or injury that existed in the 6 months prior to you being covered under this policy.

The insurance company will require on-going proof of your continued disablement.



### Tax on Benefits

Benefits arising under the GTC Umbrella Provident Fund are subject to a certain amount of tax. This will depend on the reason for your leaving service and the relevant tax scales.

### Resignation/Dismissal

Pre-retirement lump sum withdrawals (cash) are taxed according to the following table:

0 – R27 500	tax free
R27 501 – R726 000	18% of amount exceeding R27 500
R726 001 – R1 089 000	R125 730+ 27% of amount exceeding R726 000
R1 089 000 and more	R223 740 + 36% of amount exceeding R1 089 000

Taking the benefit in cash will **result in reduced retirement savings** as the money is not preserved / saved for retirement. The tax scale is cumulative and will have the effect of increasing your tax liability each time you withdraw cash when you change jobs. **Taking cash is not recommended, unless the fund value is extremely low, as the member should aim to preserve his/her ultimate retirement benefit.**

**Alternatively**, you can transfer your fund value to the Provident Fund of your new employer or to a Provident Preservation Fund (in-fund or external) or Retirement Annuity Fund.

### Advantages

- **Fund Value Is Transferred Tax Free**
- **Fund Value Is Preserved for Ultimate Retirement**

### Retirement

Retirement lump sum withdrawals are taxed according to the following table:

0 – R550 000	tax free
R550 001 – R770 000	18% of amount exceeding R550 000
R770 001 – R1 155 000	R39 600 + 27% of amount exceeding R770 000
R1 155 001 and more	R143 550 + 36% of amount exceeding R1 155 000

The above calculation is allowed on the **total combined** benefits emerging from Pension, Provident, Preservation and Retirement Annuity Funds of which you are a member.

### Death Benefits

Fund Credit - tax treatment on death is the same as for retirement.

Life insurance benefit – tax treatment on death is the same as for retirement.

### Retrenchment

Tax treatment on retrenchment is the same as for retirement.

### General exclusions

Notwithstanding any other provision to the contrary in the Policy, no benefit is paid if the insured's death:

- a) is a direct or indirect consequence of active participation in:
  - i. war, invasion, acts of foreign enemies, hostilities, warlike operations (whether war be declared or not), civil war, rebellion, revolution, military or usurped power, insurrection, civil commotion assuming the proportions of or amounting to an uprising; or
  - ii. an act of terrorism; or
  - iii. a riot; or
  - iv. a strike, whether lawful or unlawful, during which lives are endangered, public or private property damaged, or an attempt or attempts are made to damage such property; or



- v. any other unlawful act or conduct of whatever nature during which lives are endangered, public, or private property damaged, or an attempt or attempts are made to damage such property.
- b) is a direct or indirect consequence of –
  - i. any radioactive contamination, including accidental radioactive contamination or
  - ii. the use of nuclear, biological, or chemical weapons; or
  - iii. attacks on or sabotage of facilities (including, but not limited to, nuclear power plants, reprocessing plants, final repository sites and research reactors) and storage depots, which lead to the release of radioactivity or nuclear, biological, or chemical warfare agents, irrespective whether any of the aforesaid has been performed with the specific use of information technology.

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