

13. Life Insurance

All active members other than a voluntary contributor are insured. The Board shall provide life insurance benefit to member's beneficiaries upon his death through its self-managed life insurance policy.

14. Benefits Entitlement from the Fund

A member is entitled to receive a Leaving Service Benefit which is equal to the sum of all his accounts as shown in No. 10 of this Guide. The Leaving Service Benefit is payable when the member ceases service and reach his retirement age or redundant, medical ground, migrate or die (whichever happens first). If the member dies, the Death Benefit is equal to the sum of all accounts plus the life insurance amount. The life insurance amount is determined by the Board. The Death Benefits will be paid to the member's nominees; if there was no nomination it is paid to member's spouse, if none; his legitimate children in equal portions, if none; his father or mother; or if none of these then to the legal representative.

15. Retirement Age

The retirement age is 60 up to 70.

16. Can I borrow money from my accounts?

No, because the purpose of the Fund is to provide member with retirement benefit when the member has ceased service and reached his retirement age, or on death, total disablement, redundancy, migration, medical grounds or financial hardship.

17. Exemption from tax

There shall be no tax liability in respect of benefits paid under this Scheme. The contributions paid by employers shall be deductible as an expense for the assessment of taxes.

18. Communications from the Fund about member's retirement fund

The Fund will send members ongoing communications to keep them informed about events related to the Fund. These are the communications members will receive from the Fund:

- i. Information Guide – member receives it when he joins the Fund
- ii. Member Statement of Account – member receives it once a year after July or on request
- iii. Annual Report - Once every year

19. Enquiries and Contact

Member can contact the Fund enquiring any information regarding his retirement fund account through the following contact details:

Office Address: **National Retirement Benefits Fund,**
Vaha'akolo Road,
P.O Box 864,
Nuku'alofa,
KINGDOM OF TONGA.

Telephone: (+676) 28833

Email: info@nrbf.to

Website: www.nrbf.to



INFORMATION GUIDE

1. Background

The National Retirement Benefits Fund was established by an Act of Parliament, the National Retirement Benefits Scheme Act 2010. His Majesty's Cabinet declared the 1st December 2011 as the effective date for the Act and the establishment of the Fund.

2. Purpose

The Fund was established for the sole purpose of providing benefits in respect of the retirement, permanent total disablement or the death of a member as specified in the Act and Regulations. The Fund is a defined contribution and benefits are paid by way of lump sum, instalments or combination of both.

3. Administration of the Fund

The National Retirement Benefits Fund Scheme Board of Directors shall administer the Fund in accordance with the provisions of the Act and Regulations, and thus responsible for the management and investment of the fund.

4. Board of Directors

The Board consists of 5 members – 2 are nominated by the Churches, 2 by the Private Businesses and one person with relevant experience and qualifications who shall have no right to vote. The term for a Member of the Board is 3 years and up to a maximum of two full terms whether or not these are consecutive terms. There shall be an Appeal Board to hear appeals against a decision of the Board.

5. Becoming a member of the Fund

All Employees between the age 18 and 70 are eligible to become a member. Any other person can also join the Fund as a Voluntary Contributor by registering with the Fund given that he is not an employee of exempted complying schemes.

6. Registration with the Fund

Every person being an Employer on the 1st December 2011 shall register with the Fund by completing the Employer Registration Form and provide necessary supporting documents required by the Fund. Every Member shall register with the Fund by completing the Employee Registration Form and provide necessary supporting documents required by the Fund. A Voluntary Contributor shall register with the Fund by completing the Voluntary Contributor Registration Form and providing necessary supporting documents required by the Fund.

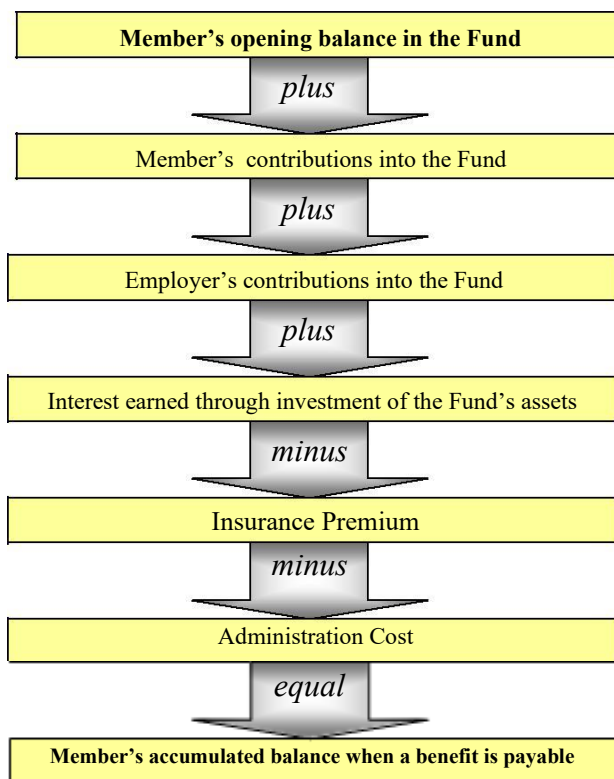
7. Who can be exempted from the Fund

The Board may issue a certificate of exemption as complying scheme if the employer's complying retirement benefit scheme given that it satisfies the conditions outlined in section 33 of the National Retirement Benefits Scheme Act 2010. The Minister may, on recommendation of the Board exempt any other person or category of person from the provisions of this Act. (This has been concluded in 2012)

8. How the Fund operates

The Fund operates under laws established through an Act of Parliament (The National Retirement Benefits Scheme Act 2010 and National Retirement Benefits (Administration) Regulations 2011 and amendments). These laws set out the benefits, duties and obligations of members, employers, and the Board.

The Fund is an accumulation fund. An accumulation fund works like a savings account in the bank:



9. Contributions to member's retirement fund

Both member (as employee) and his employer make contributions into the Fund. All contributions made under the Fund shall commence on 1st July 2012. A member shall contribute to the Fund 5% of his annual earnings applicable at the July Review Date. The Employer shall contribute to the Fund 7.5% of the member's annual earnings applicable at the July Review Date. Both members and employers can contribute additional amounts as voluntary contributions. All contributions shall be paid to the Fund within 28 working days from the end of the month.

RATES OF CONTRIBUTION

	Employers	Employees
1. For the first years of Implementation of this Act	5 per cent	5 per cent
2. After the first five years of this Act	7.5 per cent	5 per cent

10. Member's Accounts in the Fund

There are five (5) accounts set up in the Fund for a member:

- Member Contribution Account – for member's contributions
- Member Voluntary Contribution Account – for member's and voluntary contributor's voluntary contribution
- Employer Contribution Account - for employer contributions.
- Employer Voluntary Account – for employer's voluntary contribution
- Member Transfer Contribution Account – for member's contributions transferred from another Fund.

11. Investment of retirement fund

The Board shall invest all monies available for investment as prescribed by Regulations. The Fund earns interest by pooling together every member's contributions and investing the total assets of the Fund in a very low risk investment. These may include shares (also known as equities), property, fixed interest securities and cash. Interest is then credited to member's accounts at rates that are declared by the Board from time to time. On 1st July each year (this date is known as the Fund Review Dates), the Board shall declare the rate of interest (known as an Fund Earning Rate) to be credited to member's accounts. The Board also decides on a rate of interest (called an Interim Fund Earning Rate) to use between the Review Dates to calculate benefits for eligible members.

12. Administration Fees

Administration costs for administering the Fund should be deducted from the income of the Scheme and an insurance premium fee approved by the Board should be deducted from member's employer contribution account.