unicover
RETIREMENT FUND

How does a Pension or Provident Fund Work?

Every month you and your employer contribute a fixed percentage of your pensionable salary to the fund. The investment manager then invests a large portion of these contributions after administration costs and insured premiums have been deducted.

For every month that you are a member of the fund, the contributions and the money made from investing the contributions is added to your account as investment returns. This account is known as your Share of Fund.

The amount of your final Share of Fund depends on how much was contributed towards your retirement benefit, how long you contributed to the retirement fund and how well the fund's investments performed.

It is a long-term plan

A retirement fund is a long-term savings plan. Savings plans that stretch over five years or more will grow better and faster than plans that only last one or two years. This is because you earn more interest on interest over a longer period.

Being a member of the fund is a condition of employment. This means that you can't take your money out of the retirement fund while you work for your employer.