

Staff Umbrella Pension and Providend Funds (SSUF)

**Annual report to members for the period
1 April 2016 to 31 March 2017**

Insurance

Financial Planning

Retirement

Investments

Wealth

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Introduction

The SSUF celebrated its 20-year anniversary on 1 April 2017.

In 1997, the initial number of members was about 7 700 with assets of just more than a billion rand. The membership reduced to 4 100 in 2008 due to restructuring in the Sanlam office staff environment.

As a result of the harmonisation of retirement fund benefits of companies in the Sanlam Group and migrating members of other funds to the SSUF since 2011, the membership as at 31 March 2017 was about 12 500 with assets exceeding ten billion rand.

The SSUF is managed by a dedicated Board of Trustees, individuals with expertise in the different aspects of fund management. It is a high priority for them to ensure that the benefits available to members are aligned with market trends and enabling each member to tailor his/her fund and group life benefits according to his/her personal needs.

The following benefit enhancements were recently implemented and you can find more details in this report:

- ① The basis for calculating SSUF contributions changed from PEAR to TGP;
- ① Members can preserve their benefits in the SSUF upon termination of service;
- ① At retirement, subject to certain conditions, members can select an In-Fund annuity; and
- ① Comprehensive trauma cover and additional parent cover options were made available to members, subject to certain conditions.

We want to encourage you to visit the communication website of the SSUF for more comprehensive information and articles to assist you with your financial planning.

The website address is: <http://www.sanlam.co.za/campaigns/myretirementfund/Pages/default.aspx>

Board of trustees

The Board of Trustees managing the SSUF comprises of ten trustees.

Five of them are elected by members of the SSUF and the other five are appointed by the principal employer after consultation with the different participating employers. An alternate trustee is elected/appointed for every trustee to ensure continuation of activities during a trustee's absence.

In order to ensure fair representation of all the participating employers, the five member representatives are elected as follows:



Two from Sanlam Personal Finance (SPF) (including Sanlam Sky);



One from Sanlam Investments (SI);



One from Santam; and



One from the remaining businesses that include the Sanlam Group Office, Sanlam Corporate and Sanlam Emerging Markets (SEM).

The current member elected trustees are:

Business Unit	Trustee	Alternate	Term of service
Santam	Maryke Kotze	André Lotz	1 March 2017 – 28 February 2020
SPF	Jannie van Zyl	Stefan du Preez	1 July 2015 – 30 June 2018
SPF	Johann de Wet	Arthur Zerf	1 July 2015 – 30 June 2018
SI	Hendrik Scholtz	Wayne Hilton	1 July 2015 – 30 June 2018
Other/SEB	David Gluckman	PG Marais	1 July 2015 – 30 June 2018

The employer appointed trustees are primarily individuals with the applicable technical skills and experience in fund related matters, i.e. actuarial, risk, finance, investments, governance, legal and human resources.

The current employer appointed trustees are:

Area of expertise	Trustee	Alternate	Term of service
Finance/Investments/Legal	Lizet Murray	Joseph Makgopa	1 March 2017 – 28 February 2020
Actuarial/Investments/Risk	Werner Barnard	Clifton J van Rensburg	1 July 2015 – 30 June 2018
Investments/Finance	Haydn Franckeiss	Jill Rose	1 July 2015 – 30 June 2018
Governance/Investments/Finance	ML Carstens	Ahmed Banderker	1 July 2015 – 30 June 2018
HR/Legal/Governance	Vionne Tregurtha	Robert Goff	1 July 2015 – 30 June 2018

Other Fund Officials

Principal Officer

Chrisna Swart
Tel: 021 947 8404
Email: chrisna.swart@sanlam.co.za

Deputy Principal Officer

Diana Petersen
Tel: 021 947 4853
Email: Diana.petersen@sanlam.co.za

The SSUF is an umbrella fund for employers within the Sanlam Group

List of participating employers in the SSUF

Sanlam Group Office

Sanlam Emerging Markets

Sanlam Personal Finance

- Sanlam Trust
- Sanlam Personal loans
- Glacier
- Sanlam Sky Solutions - including Safrican

Sanlam Corporate

- Sanlam Health
- Sanlam Employee Benefits
- Infnit

Sanlam Investments

- Blue Ink
- Denker Capital
- Graviton Wealth
- Graviton Financial Partners
- Sanlam Capital Markets
- Sanlam Collective Investments
- Sanlam Life Insurance Ltd
- Sanlam Private Wealth

Short-term Insurance cluster

- Santam
- Mi-Way
- Mirabilis
- Emerald
- Hospitality & Leisure Underwriters

Developments and changes in the fund

for the period 1 April 2016 to 31 March 2017

Member statistics	1 April 2015	1 April 2016	1 April 2017
Active members	10 387	11 422	12 355
Occupationally disabled members	95	99	89



Rule changes

The following rule changes to the SSUF were registered during the year under review.

- ① Provision was made for the payment of living annuities by the SSUF as from 1 December 2016.
- ① As from 1 April 2017 contributions to the SSUF are based on the member's Total Guaranteed Package (TGP) and no longer on Pensionable Earnings (PEAR, which is 80% of TGP).
- ① The rules were updated in line with the Registrar's requirements regarding the filling of a vacancy on the Board of Trustees.

The above changes were registered to the Rules of both the Pension and Provident Fund.



Investments

Distribution of members' fund values in the various investment portfolios

Investment portfolios	1 April 2017
Cash	1.46%
Monthly Bonus	1.24%
Stable Bonus	8.55%
Absolute Return	2.34%
SIM Moderate	6.28%
Sanlam NUR Balanced	0.47%
Allan Gray Global Balanced	18.07%
Coronation Managed	11.84%
SIM Aggressive	6.54%
Glacier Option	37.53%
Sanlam Life Stage Option	
- Accumulator Portfolio	4.61%
- Capital Protection Portfolio	0.43%
- ILLA Preservation Portfolio	0.08%
Totals	99.45 %

The balance of 0.55% is unsold demutualisation shares that are allocated to certain members.

The Board of Trustees continuously monitor and review the investment menu to ensure it is optimal for the members.

The investment performances of the Funds' various investment portfolios as at 1 April 2017

Sanlam Staff Umbrella Pension Fund

Return (net of fees and tax) over the period stated below, ended on 1 April 2017

Period		SIM Moderate Portfolio	SIM Aggressive Portfolio	Allan Gray Global Balanced Portfolio	Coronation Managed Portfolio	Sanlam Absolute Return	Stable Bonus	Monthly Bonus	Cash Portfolio	Sanlam NUR Balanced
3 months	Over the period	2.97%	4.37%	2.61%	4.84%	2.52%	1.75%	1.60%	2.01%	2.47%
6 months	Over the period	1.62%	3.26%	0.71%	1.81%	3.46%	3.63%	3.36%	4.01%	1.23%
9 months	Over the period	2.61%	6.16%	3.84%	7.36%	5.30%	5.85%	5.44%	6.09%	3.86%
12 months	Over the period	3.96%	6.92%	4.82%	7.34%	6.95%	8.33%	7.76%	8.16%	4.64%
24 months	Annualised	4.80%	6.37%	8.73%	6.19%	7.84%	9.34%	8.86%	7.52%	4.86%
36 months	Annualised	8.85%	8.90%	9.40%	7.90%	8.99%	11.07%	10.93%	7.16%	4.29%
60 months	Annualised	13.19%	13.27%	11.96%	14.06%	10.84%	13.41%	12.20%	6.51%	-
Since inception	Over the period	862.26%	606.69%	1 011.20%	781.42%	306.16%	485.71%	387.90%	388.91%	18.79%
Since inception	Annualised	11.99%	12.79%	17.00%	15.25%	11.23%	13.46%	11.99%	8.26%	5.44%
Inception date		01/04/1997	01/01/2001	01/12/2001	01/12/2001	01/02/2004	01/04/2003	01/04/2003	01/04/1997	01/01/2014

Sanlam Staff Umbrella Pension Fund (continued)

Return (net of fees and tax) over the period stated below, ended on 1 April 2017

Period		Sanlam Lifestage Accumulated	Sanlam Lifestage Capital Protection	Sanlam Lifestage ILLA Preservation Portfolio
3 months	Over the period	3.38%	1.72%	2.79%
6 months	Over the period	0.90%	3.58%	1.75%
9 months	Over the period	2.30%	5.78%	3.16%
12 months	Over the period	3.39%	8.22%	5.33%
24 months	Annualised	2.26%	-	-
36 months	Annualised	6.65%	-	-
60 months	Annualised	12.58%	-	-
Since inception	Over the period	100.11%	16.32%	11.21%
Since inception	Annualised	12.44%	8.60%	5.96%
Inception date		01/05/2011	01/06/2015	01/06/2015

The investment performances of the Funds' various investment portfolios

Sanlam Staff Umbrella Provident Fund

Return (net of fees and tax) over the period stated below, ended on 1 April 2017

Period		SIM Moderate Portfolio	SIM Aggressive Portfolio	Allan Gray	Coronation	Sanlam Absolute Return	Stable Bonus	Monthly Bonus	Cash Portfolio	Sanlam NUR Balanced
3 months	Over the period	2.98%	4.38%	2.61%	4.85%	2.52%	1.75%	1.60%	2.01%	2.47%
6 months	Over the period	1.62%	3.27%	0.72%	1.82%	3.45%	3.63%	3.36%	4.02%	1.25%
9 months	Over the period	2.61%	6.17%	3.85%	7.37%	5.30%	5.85%	5.44%	6.09%	3.89%
12 months	Over the period	3.97%	6.94%	4.83%	7.34%	6.95%	8.33%	7.77%	8.17%	4.67%
24 months	Annualised	4.80%	6.39%	8.76%	6.17%	7.85%	9.34%	8.86%	7.55%	4.82%
36 months	Annualised	8.86%	8.95%	9.46%	7.90%	9.01%	11.07%	10.95%	7.18%	4.29%
60 months	Annualised	13.20%	13.29%	12.01%	14.04%	10.86%	13.41%	12.21%	6.52%	-
Since inception	Over the period	862.31%	607.21%	1016.08%	777.97%	307.59%	485.61%	388.25%	389.30%	18.79%
Since inception	Annualised	11.99%	12.79%	17.04%	15.22%	11.26%	13.46%	11.99%	8.26%	5.44%
Inception date		01/04/1997	01/01/2001	01/06/2001	01/12/2001	01/02/2004	01/04/2003	01/04/2003	01/04/1997	01/01/2014

Sanlam Staff Umbrella Provident Fund (continued)

Return (net of fees and tax) over the period stated below, ended on 1 April 2016

Period		Sanlam Lifestage Accumulated	Sanlam Lifestage Capital Protection Preservation	Sanlam Lifestage ILLA Preservation Portfolio
3 months	Over the period	3.37%	1.72%	2.78%
6 months	Over the period	0.89%	3.57%	1.73%
9 months	Over the period	2.29%	5.76%	3.11%
12 months	Over the period	3.37%	8.19%	5.29%
24 months	Annualised	2.24%	-	-
36 months	Annualised	6.71%	-	-
60 months	Annualised	12.49%	-	-
Since inception	Over the period	100.59%	16.29%	10.76%
Since inception	Annualised	12.49%	8.58%	5.73%
Inception date		01/05/2011	01/06/2015	01/06/2015

Please note:

1. The returns above are net of investment manager fees and retirement fund tax. Retirement fund tax has been abolished since 1 March 2007.
2. Published rates are time weighted to remove the effect of cash flows and are gross of investment manager fees and retirement fund tax and may therefore differ from returns reflected in this report.
3. There is currently a two-day time lag on member records shown on the administrator's website and the actual position at the fund manager. This means that the investment data for each portfolio, reported on 29 July 2016 (for example) is actually the investment data as at 27 July 2016.
4. The above tables summarise returns for the Funds' total portfolios. Returns for a particular member may differ depending on actual cash flow, investment options and accumulated credits.
5. The Allan Gray Global portfolio was opened on 1 June 2015. The monthly returns before this date are the Allan Gray Domestic portfolio's returns.
6. The Sanlam Lifestage Accumulation portfolio was opened on 1 June 2015. The monthly returns before this date are the Simeka Lifestage Accumulation portfolio's returns.

Rates for death, trauma and disability benefits

The premium rates for death, trauma and disability benefits offered to members by the SSUF and group insurance are reviewed annually by the insurer, taking the claims experience into consideration.

Please see next pages for the full details of the monthly premium rates that came into effect on 1 April 2017.

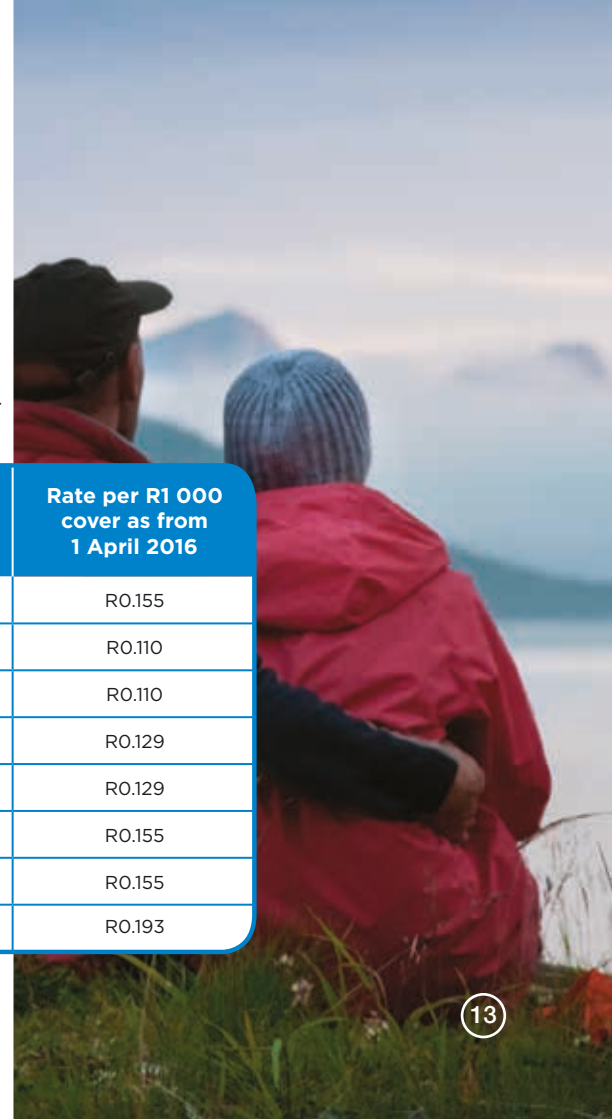
01 Sanlam Staff Umbrella Provident Fund (SSUF) - Death cover

The average premium rate in respect of death cover remained unchanged at 0.926% of pensionable remuneration.

The premiums payable by members who selected a lower level of cover reduces according to the premium rate applicable to their age band. (See table below).

During the annual flex event in May each year, members have the opportunity to elect a lower/higher level of cover. Members may also elect to increase their cover within 3 months of their marriage or birth of a child.

Age band	Default cover Multiple of PEAR	Maximum cover Multiple of PEAR	Rate per R1 000 cover as from 1 April 2016
Younger than 26 years	5	11	R0.155
26 - 30 years	7	13	R0.110
31 - 35 years	7	12	R0.110
36 - 40 years	6	10	R0.129
41 - 45 years	6	8	R0.129
46 - 50 years	5	7	R0.155
51 - 55 years	5	6	R0.155
56 years and older	4	6	R0.193



02 Income Care insurance

The cost of the income disability cover has remained unchanged at 0.885 % of total guaranteed package (TGP).

As from 1 March 2015 the premium is an after tax deduction and the benefit payable is no longer taxable. The tax-free benefit is calculated as follows:

- ① 75% of the first R120 000 of annual TGP, plus
- ① 60% of the next R360 000 of annual TGP, plus
- ① 50% of the annual TGP in excess of R480 000

03 Group life insurance

Cover on the member's life

The premium rate for group life insurance (lump sum disability and death benefits) remained unchanged at R0.235 per month per R1 000 cover.

Cover on the spouse's life

The premium rate for spouse's group life insurance remained unchanged at R0.236 per month per R1 000 cover.

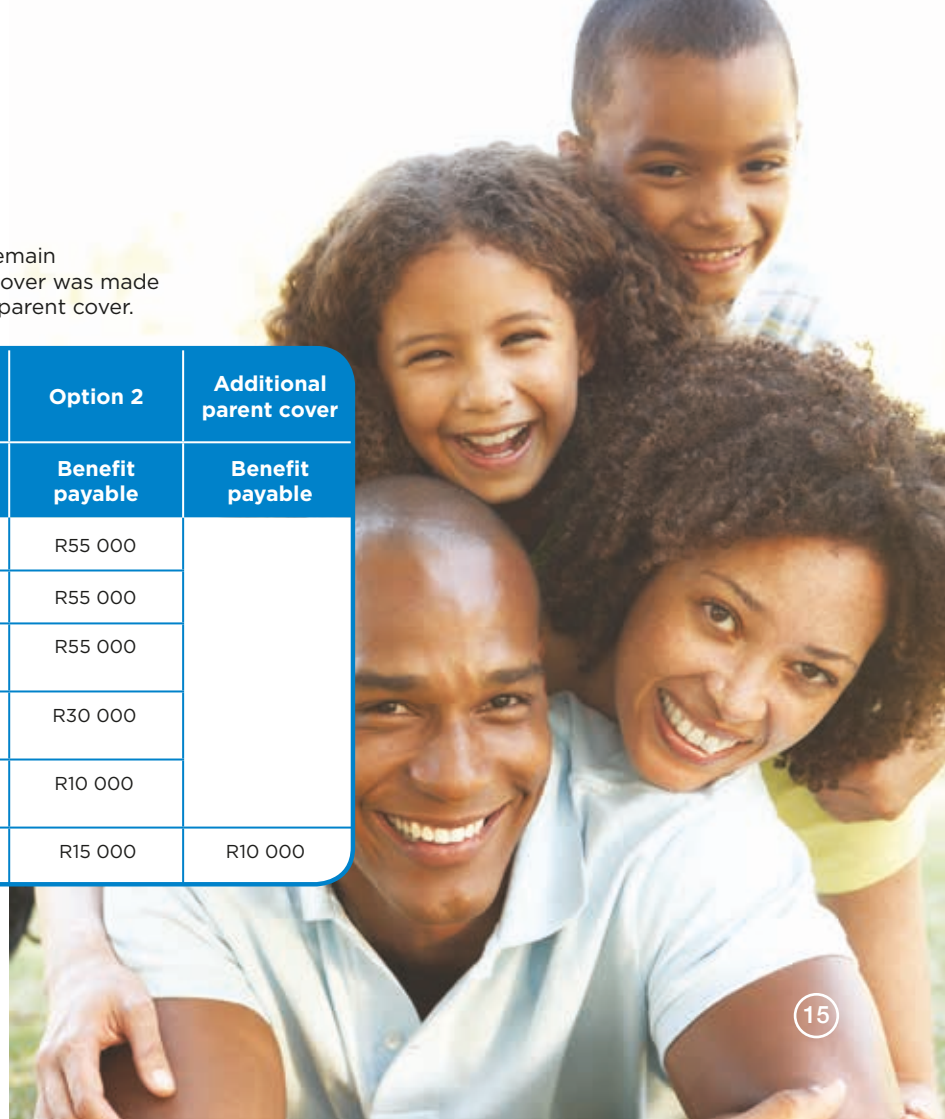
04 Trauma insurance

The premium rate for the Standard trauma insurance was increased from R0.272 to R0.30 per month per R1 000 cover. The rate for the Comprehensive Trauma Cover which is available as from 1 May 2017 is R0.373 per R1 000 cover.

05 Family insurance

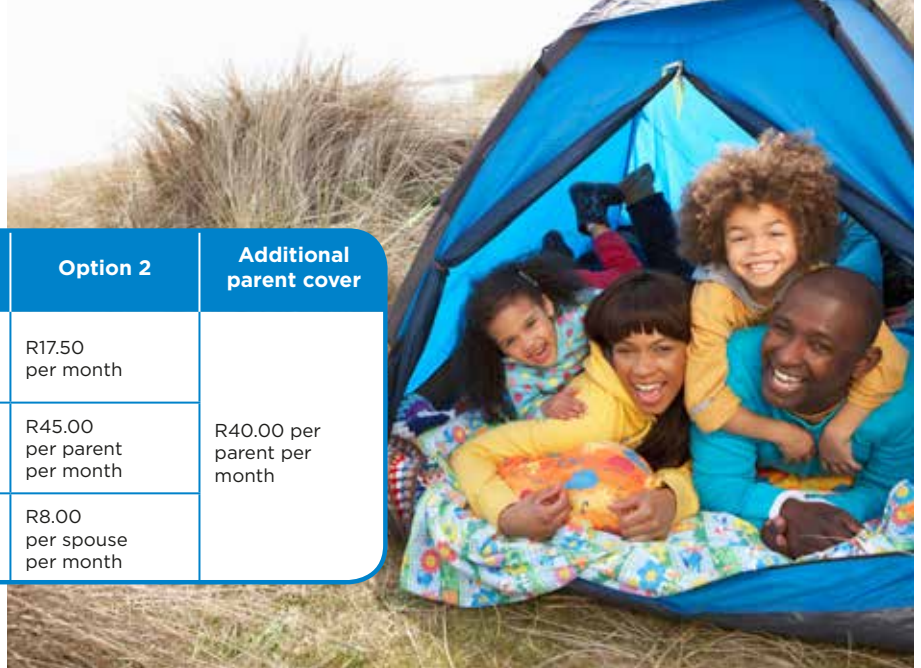
The rates and the level of death benefits payable remain unchanged. As from 1 May 2017 additional parent cover was made available as a once-off option to all members with parent cover.

	Option 1	Option 2	Additional parent cover
Insured	Benefit payable	Benefit payable	Benefit payable
Principal member	R27 500	R55 000	
Qualifying spouse	R27 500	R55 000	
Qualifying children of 14 years and older	R27 500	R55 000	
Qualifying children of 6 years and older, but younger than 14 years	R15 125	R30 000	
Qualifying children younger than 6 years, or a stillborn child	R10 000	R10 000	
Parents (who are insured)	R 7 500	R15 000	R10 000



The rates for family cover are:

Premiums	Option 1	Option 2	Additional parent cover
Premium for principal member, spouse and children	R8.75 per month	R17.50 per month	
Premium for parents	R22.50 per parent per month	R45.00 per parent per month	R40.00 per parent per month
Premium for additional spouse	R4.00 per spouse per month	R8.00 per spouse per month	



important to note

- All current employees who do not have family cover can no longer apply to participate in this insurance as they previously had a once-off option to take out family insurance and to insure their parents. Only those members who have the basic family cover can add parents-in-law within 3 months of marriage (the addition of parents is not allowed for current members.) New employees have a once-off opportunity at appointment to select this option.

Proof free limits (PFL)

The death and disability benefits of members who became members of the SSUF from 1 May 2011 are subject to the following proof free limits:

-
- **Death benefits payable by the SSUF and Group Life Insurance (including the lump sum disability benefit)**
 - Combined proof free limit = R14 500 000
-
- **Death benefit on your spouse's life (optional)**
 - R1 300 000
-
- **Monthly income disability benefit**
 - R120 000 pm (Including the 8,56% of TGP employer contributions to the Provident Fund and the member contribution of 6 % of TGP to the Pension Fund).
-
- **Trauma Insurance**
 - R1 300 000
-

New members who qualify for benefits that exceed the above amounts need to provide proof of good health for the amount that exceeds the proof free limits.

Please note:

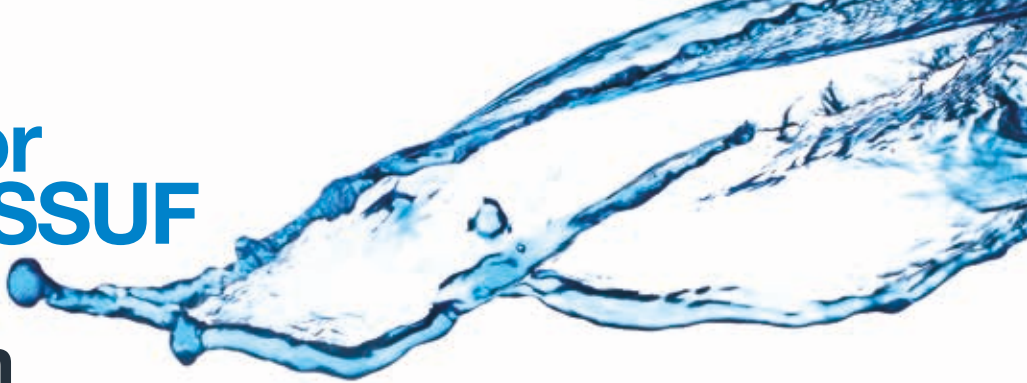
Recoupment of cost/contributions and tax effect:

The cost of the Group Life Insurance, Income Care Insurance and Family Insurance are after-tax deductions from the member's remuneration. The actual premium paid by each member for this insurance will be reflected on their pay slip. Because the insurance premiums are paid with after-tax money, the benefits payable, in accordance with current legislation, are tax-free.

The cost of the death benefits provided for by the Provident Fund is recouped from the employer contribution. The actual cost recouped per member is reflected on each member's individual benefit statement.



The basis for calculating SSUF contributions changed from PEAR to TGP



From 1 March 2016, you enjoyed tax-deductibility on member and employer contributions of up to 27.5% per tax year of the greater of remuneration or taxable income, subject to a maximum of R350 000 per annum. This included member and employer contributions to all pension, provident and retirement annuity funds to which you contribute.

As from 1 April 2017, SSUF contributions are calculated as a percentage of TGP in order to allow members to save more for retirement in a tax and cost efficient manner. This change does not affect risk benefits (death, disability and trauma cover), which are still calculated on PEAR or Former PEAR.

The change was implemented as follows:

- ① The contribution rates as on 31 March 2017 (percentage of PEAR) of all SSUF members were converted to a percentage of TGP in such a way that ensures that the rand value of members' contributions from 1 April (percentage of TGP) was as close as possible to the rand value of the March 2017 contribution (percentage of PEAR).

Example:

PEAR = R12 000 pm		TGP % not rounded up	TGP = R15 000 p.m.	
% PEAR	Rand Amount		% TGP	Rand Amount
5	R600	4 →	4	R600
6	R720	4.8 →	5	R750
7.5	R900	6 →	6	R900

- ④ To accommodate members on the minimum contribution rates, the SSUF rules were amended to allow for the following new minimum contribution rates:
 - Pension Fund (member contributions - minimum was 5% of PEAR); new minimum is 4% of TGP.
 - Provident Fund (employer contributions - minimum was 7.5% of PEAR); new minimum is 6% of TGP.
- ④ During the Annual Flex Event members could change their SSUF contribution rates to any of the available categories (increments of 0.5% apply); i.e.:
 - Pension Fund: between 4% to 7.5%; and
 - Provident Fund: between 6% to 20%.

An increased contribution rate = saving on tax and at the same time ensures a better retirement... that is the clever thing to do!



Get ready for Retirement

**Resist temptation today
and save for tomorrow!**

Most people work hard to earn money, but spend little time on proper financial planning to ensure their earnings continue to work for them.

Statistics show we're living longer than previous generations and yet, more than ever, we're delaying the decision to save more to support our longevity. Aspiring towards a comfortable retirement is only realistic if we actively change our mindset and discipline ourselves. That's where a sound retirement savings strategy is crucial.

Technological enhancements and a growing world population has resulted in large-scale global unemployment. Many jobs that were commonplace 20 to 30 years ago no longer exist.

This trend is likely to continue and with more people vying for fewer jobs, it's essential for salary earners to save more and resist the temptation of retail therapy.

With consumer goods companies trying to gain their share of your wallet every day, it's easy to forget about the future and ignore the most important contributor towards long-term wealth creation. You can literally lose out on millions of rand at retirement by not making optimal use of the effect of compound interest.

Another advantage of saving for retirement is that you can save with pre-tax money.

Here's an example:

If your marginal tax rate is 31%, you'll pay R31 tax on every R100 you earn above a certain taxable income. So if you want to splurge and buy that second TV costing R10 000, you must actually earn R14 492 ($R14\,492 - 31\% = R10\,000$) to spend the R10 000.

However, if you'd saved the same gross earnings towards retirement, you wouldn't have paid tax on this savings. On the one hand you'd have a depreciating R10 000 TV set; on the other you'd have an appreciating R14 492 in your retirement fund.



Another benefit of retirement savings is that your investment growth in the fund is tax free. If we assume your investment grows at a rate of 12% per year, it will double every six years.

The R14 492 you invested will be worth R28 984 within six years, R57 968 within 12 years, R115 936 within 18 years ... and the TV?

Well, that would be gathering dust with a snowy picture.



Being mentally prepared for retirement is crucial.

Make sure you avoid these common pitfalls:

- ① Lack of financial planning and failure to choose a competent financial adviser, even after retirement. Remember, there's a chance you'll still need to make the correct decisions for the next 30-plus years.
- ① Changing jobs and not preserving your fund benefits.
- ① Unrealistic expectations of future yields on your savings after retirement.
- ① Not contributing as much as you can afford towards your retirement fund – saving with pre-tax money.
- ① Failing to budget properly pre-retirement or ensuring that all your debt will be settled before or on retirement.
- ① Not considering the effects of no longer having benefits that supplement your income, such as bonuses and share options.

Tip if you're five years from retirement:

Determine what you're likely to earn on retirement and try to adjust your standard of living to see if you can get by. This will force you to save more during your last few years of work so you won't be unpleasantly surprised once you've retired.

In-fund preservation option at termination of service

You can now remain a member of the SSUF although your employment has been terminated with your employer. You can preserve your accumulated fund value in the SSUF, i.e. become a Paid-up member.

① The benefits of becoming a Paid-up member are:

- You avoid the hassle of having to transfer your retirement savings (accumulated fund value) to another retirement fund;
- Your fund value in the SSUF remains invested in the investment portfolios selected by you.
- You continue to benefit from the favourable tax treatment of the investment of your fund value in the SSUF.

- The cost structure applicable is extremely cost efficient when compared to retail preservation options.
- Most important of all, by becoming a paid-up member you make a valuable contribution to ensure a comfortable retirement for yourself!

① Conditions:

- Your fund value will be preserved until the date you elect to withdraw the money; your retirement; or your death; whichever happens first.
- You may at any stage request to transfer your entire fund value to another approved fund or you can take a portion of your benefit as a cash lump sum and transfer the balance to another approved fund.
- You may decide to retire from the SSUF at any stage after your normal retirement date, when your benefit will be paid as a retirement benefit, subject to the applicable legislative requirements.
- Should you die, then your fund value will be paid to your estate.

It is important that you consult with a financial adviser before you make any decision regarding the payment of your SSUF benefit. Please ensure that you carefully consider the tax implications and the different products available to you.

② Fees:

The following fees will automatically be deducted from your SSUF fund value.

- **Administration cost:**
Currently: R57.00 pm (Excl VAT).
This fee is reviewed annually on 1 January.
- **Investment fees:**
As applicable to the investment portfolios selected by you.

② Communication channels:

- The SSUF Fund administrator will send you an annual benefit statement by email.
- You will be able to access the detail of your SSUF fund value online via the Retirement Fund Web or the Sanlam My Retirement App.
- You will have access to the SSUF website where you will find details of the available investment portfolios and other SSUF related information.

important

- ② Since you will no longer be part of the communication channels of your former employer in the Sanlam Group, it is very important that you ensure that the SSUF always has your latest contact details on record.

You will be able to update your personal details via the Retirement Fund Web.

Choosing the right pension product

Selecting the most suitable pension product when you retire is crucial.

When you retire you have to make various decisions about the rest of your life. Most importantly, you must choose the best pension product for your financial needs.

Make this decision in consultation with your financial adviser. Keep in mind that you could well live for many years to come, with inflation and increasing medical costs an ever-present strain.



Various pension products are available at retirement.

Here's a comparative summary:

	Life annuities		Living annuity
	Insured pensions	With-profit pensions	Investment-linked pensions
Characteristics, such as annual increase, level of pension and what happens upon death of the pensioner	<ul style="list-style-type: none"> The retiree decides on a fixed rate of annual increase (the higher the rate, the lower the initial pension). The category includes a wide range of products offering various options: <ul style="list-style-type: none"> guaranteed capital a minimum guarantee period, e.g. 5 or 10 years whether to opt for a spouse's pension and the amount, etc. 	<ul style="list-style-type: none"> A pension is purchased at a fixed rate, with the pension increasing by the difference between the declared investment rate minus the purchase rate. The higher the purchase rate, the higher the initial pension and the lower the future increases. When the pension is purchased, the pensioner can choose a minimum guarantee period and a spouse's pension option. 	<ul style="list-style-type: none"> Pensioners obtain their own investment account and choose the portfolios in which their retirement capital is invested. They decide on the size of their pension by means of a withdrawal from the capital at a rate of between 2.5% and 17.5% per year. Pensioners may nominate a person/s, such as a spouse and/or dependants, to continue with the pension after their death or to receive the balance of the capital.



Various pension products are available at retirement. (continued)

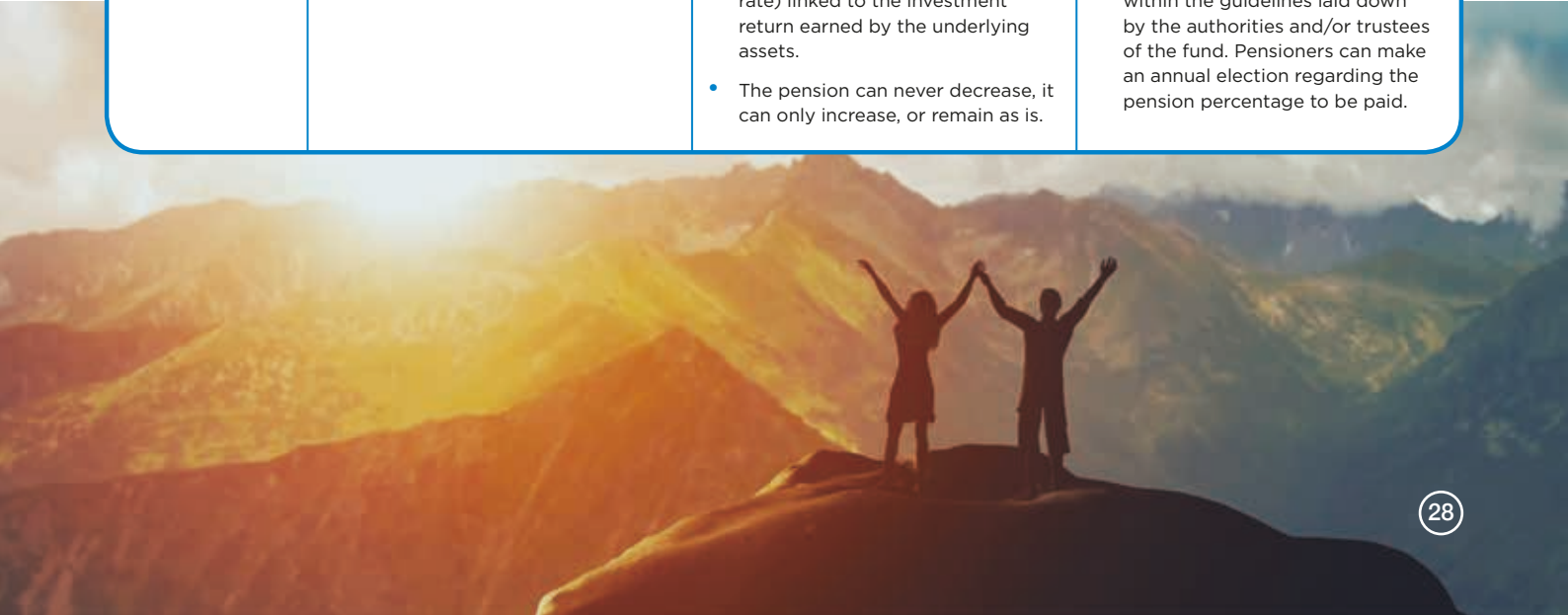
Here's a comparative summary:

	Life annuities		Living annuity
	Insured pensions	With-profit pensions	Investment-linked pensions
<p>Risks</p> <p>Longevity risk - you and/or your spouse outlive your funds</p> <p>Inflation risk - your pension cannot keep pace with your living expenses</p>	<ul style="list-style-type: none"> • Future rate of inflation is unknown. For example, inflation could rise to 15% after a retiree has chosen a 5% increase rate. • If interest rates are low at the point of retirement, it's expensive to purchase such a pension - the monthly pension is lower than it would have been in a high-interest environment. 	<ul style="list-style-type: none"> • In times of poor investment performance, pension increases may be low or no increases may be granted. The pension may, however, never be decreased and an increase already granted can't be revoked. 	<ul style="list-style-type: none"> • The pensioner carries the full investment risk. • If the pensioner withdraws a pension at a higher rate than the investment return earned on the capital, the capital and future investment returns will decrease. This may result in a lower pension, which may even become insufficient. • Investment decisions are important. A drop or volatility in investment markets may negatively affect the pension.

Various pension products are available at retirement. (continued)

Here's a comparative summary:


	Life annuities		Living annuity
	Insured pensions	With-profit pensions	Investment-linked pensions
Benefits	<ul style="list-style-type: none"> • Pensioners have certainty about future pension payments – they know what the increase will be, what happens at death, etc. 	<ul style="list-style-type: none"> • Because increases are linked to investment returns, it is related to inflation to the extent that the return exceeds the purchase rate. • The pension increase is to a certain extent (according to the purchase rate) linked to the investment return earned by the underlying assets. • The pension can never decrease, it can only increase, or remain as is. 	<ul style="list-style-type: none"> • People with good investment expertise retain control of the investment decisions regarding their retirement capital. • Pensioners decide on the level of pension and increases they receive, within the guidelines laid down by the authorities and/or trustees of the fund. Pensioners can make an annual election regarding the pension percentage to be paid.



Various pension products are available at retirement. (continued)

Here's a comparative summary:

	Life annuities		Living annuity
	Insured pensions	With-profit pensions	Investment-linked pensions
Pensioner profile suitable for the different products	<p>Pensioners who:</p> <ul style="list-style-type: none"> • aren't willing to tolerate the possibility that their pension source may run out at some point before death • aren't prepared to carry the risk and responsibility of any investment decisions about their pension source • don't want to make a decision every year on a drawdown rate as they're not comfortable with the longevity risk (the risk of outliving one's money) • want a pension that will be paid for the rest of their life • want to ensure that their spouse gets a defined pension that will not decrease • are in good health and expect to live longer than the average person • have no financial dependants. 		<p>Pensioners who:</p> <ul style="list-style-type: none"> • are knowledgeable about investments and prefer to make the decision about the investment of their pension capital • understand the importance of having a relationship with a competent financial adviser to rely on for the next 20 to 30 years • have other sources of income after retirement and therefore prefer the flexibility to decide annually on a drawdown rate • can bear the investment risk and risk of living longer than expected, and don't need a guaranteed pension for life. • Understand the importance of resisting the temptation to draw more money that they need in order to allow their capital to grow so that their pension in future years will be sufficient.



Our bodies and minds naturally slow down as we age. A 64-year-old pensioner who retired a year ago is likely to have a far greater understanding of the workings of financial instruments than the same person at age 78 who retired 15 years ago.

When you decide on the suitable pension product to provide you with an income for the next 20 to 30 years, consider your support structure and how it could change over time. It's imperative that you understand all the possible future consequences of your choices.

There's no one-size-fits-all pension product. So where do you start? By talking to your financial adviser and unpacking the options to determine which product best suits your needs and circumstances.

In-fund living annuity

You can at retirement elect to draw a monthly pension from the SSUF, which is debited to your fund value. The annuity amounts to be applied for the In-Fund Living Annuity must be a minimum of R2 million (combined value for Pension and Provident Fund).

Administration detail:

The member (annuitant):

- ① will be transferred within the SSUF to an In-Fund Living Annuitant group;
- ① will receive a new membership number that will be different from the one before retirement;
- ① will be granted Retirement Fund Web (RFW) access on the new membership number;
- ① will receive a pension statement by email;
- ① will receive a monthly in arrears pension net of income tax, payable on the 25th of each month;
- ① will receive two pension payments, where applicable. One each from both the Pension and Provident Funds, unless the member only elects an In-fund Living Annuity from one of the two Funds. (The two fund values cannot be combined to make only one pension payment);
- ① can elect the investment portfolio(s) to which the monthly pension and cost thereof must be debited;
- ① will be allowed to transfer the full In-fund Living Annuity to an insured pension or an ILLA of an insurer, the transfer of which will be subject to Section 14 of the Pension Funds Act (partial transfers or withdrawals of cash lump sums are not allowed); and
- ① will **NOT** be allowed to transfer annuity policies or other funds to be added to the SSUF In-Fund Living Annuity.

Cost:

① Administration fee:

R165.30 (R145 plus VAT) per month for two pension payments, one from the Pension Fund and one from the Provident Fund; or R110.58 (R97 plus VAT) per month in the case of a pension payable from only the Pension Fund or only the Provident Fund.

① Investment cost:

As applicable to the different investment options on the SSUF investment menu.

① Investment switch fees:

As applicable to all members of the SSUF.

① Other:

Any other cost as agreed to by the trustees and communicated to the annuitant 60 days in advance.

The above cost will be **reviewed annually** and **debited monthly** to the fund value of the annuitant.

Investments:

The annuitant('s):

- ① investment portfolio selection will remain as at retirement (except for members in the Lifestage option), until the annuitant submits an Investment Option form indicating a different choice;
- ② will only be allowed to invest in investment portfolios on the SSUF investment menu which are approved by the Trustees (Including the Glacier/SPW option, but excluding the Lifestage option). All investments must be Regulation 28 compliant;
- ③ will be allowed to make investment switches. The same rules and cost will apply as that which applies to active members of the SSUF;
- ④ living annuity accounts will be credited daily with the investment returns net of investment management fees and associated charges of the relevant investment portfolios;
- ⑤ may indicate the investment portfolio from which the monthly pension and cost must be paid.

important

It is very important to ensure that selected portfolios are sufficiently funded to pay the monthly pension payment and administration cost over the ensuing year.

Drawdown rate (pension payment)



- ② The annuitant must initially at inception date elect a drawdown rate and may thereafter annually on anniversary of the inception date of the In-Fund Living Annuity, select a new rate.
- ② The drawdown rate will be subject to certain conditions and limitations as set by the authorities and trustees.
- ② A minimum drawdown rate of 2.5% is applicable.

The recommended and maximum drawdown rates approved by the trustees are:

Age	55	60	65	70	75	80	85
Recommended	3.5%	4.0%	4.5%	5.0%	5.5%	6.5%	8.0%
Maximum	4.5%	5.0%	6.0%	7.0%	9.0%	14.0%	N/A

The rates to in-between-ages are the same as that which applies to the start of the 5 year age interval e.g. the recommended rate for ages 61 to 64 is 4.0% as for age 60.

Where there are valid reasons why a pensioner wants to select a higher drawdown rate, e.g. due to a terminal illness with a short life expectancy, then such exceptions will only be allowed following a proper written motivation to the SSUF.

The maximum drawdown rates assume survival to age 80 on the assumption that a guaranteed annuity will be purchased at age 80.

- ② The annual pension will be paid in fixed monthly pension instalments over the ensuing year.

Death

At death of the annuitant the remaining balance in the annuitant's Living Annuity Accounts will, in accordance with Section 37C of the Pension Funds Act, be allocated by the Trustees according to their discretion to the dependant(s) and/or nominated beneficiaries of the annuitant.

The beneficiaries will have the following options:

- ① to continue with the Living Annuity; or
- ① purchase an annuity outside the SSUF; or
- ① elect to receive the amount allocated to him/her in cash.

Such an annuity or other benefit provided by the SSUF will be subject to the rules of the SSUF and the conditions as set by the trustees.



New retirement app empowers SSUF members

Do you know what your retirement benefits will be? The Sanlam My Retirement Member App puts all the information you need at your fingertips.

The My Retirement Member App will enable members of the Sanlam Staff Umbrella Pension and Provident Funds (SSUF) to be more hands-on with their retirement savings.

You can, via the App, view:

- ① your current retirement savings and benefits, including risk benefits;
- ① the beneficiaries you nominated to receive the benefits should you die;
- ① where your retirement savings are invested;
- ① your monthly contribution rates; and
- ① the investment fund fact sheets.

Furthermore, the Retirement calculator:

- ① Calculates your benefits at retirement (replacement ratio); and
- ① assists you with selecting the right contribution rate.

How to access the App

First you have to access Sanlam Secure Services. Here are the steps:

01 Have your **retirement fund member number** handy before you start. (The number is on your SSUF benefit statement on SAP)

02 Go to **www.Sanlam.co.za** and click on **LOGIN** (top right) and then select **SECURE SERVICES**.

03 Select **REGISTER** and **INSERT** your member number (or any other Sanlam product number) and click **SEARCH**.

04 **CONFIRM** your cell number and your email address. Click **NEXT**.

05 **CHOOSE** an **USERNAME**. A temporary password will be sent to your cell phone number or email address.

06 **ENTER** the temporary password that was sent to you and **CHANGE** your password as the temporary **password** may only be used once.

Experience any problems?

For any website-related matters like username or passwords, contact the Web Support Team on **0860 727 867** or e-mail them at **retirementfundweb@sanlam.co.za**

Install the app by searching 'Sanlam My Retirement':


📍 at the Google Play store for all Android phones; and

📍 at the Apple App Store for iPhones.

SSUF members can log in to the App using their Sanlam Secure Service login details.

This App ultimately empowers you to improve your retirement outcome!





Options in the case of promotion, marriage, death of a spouse, birth/adoption of a child and divorce

Members have the option of increasing their life cover, subject to certain conditions, in the case of promotion, marriage, death of a spouse, birth/adoption of a child and divorce.

The relevant options must be exercised in the prescribed format and submitted to Human Resources along with the required documents, within three (3) months of the event.

Should the required option form and supporting documents not reach Human Resources Support Office within the prescribed time period, the option will lapse and will not be implemented.

The option forms and full details are available on the SSUF website at:

<http://www.sanlam.co.za/campaigns/myretirementfund/Pages/default.aspx>



Sanlam Staff Umbrella Pension and Provident Funds (SSUF)

and

Related Group Life Insurance

Summary of contributions and benefits

important

- ⤵ This summary is for information only. The provisions and conditions of the Funds and Group Insurance are set out in full in the official Rules and Policies. In the event of any discrepancy the official Rules and Policies apply

01 Contributions rates

	Pension Fund: Member contributions	Provident Fund: Employer contributions
Minimum rate	4% of TGP	6% of TGP
Choice to increase	increments of 0.5%.	increments of 0.5%.
Default	7.5%	10%
Maximum rate	7.5%	20%

02 Retirement

2.1 Retirement Age (NRA)

Normal retirement age (NRA) is as contracted between the member (employee) and the employer, and may range between 60 and 65 years old.

2.2 Normal Retirement Date (NRD)

- ④ 31st December nearest to NRA in respect of all members who were members of the funds before 1 January 2012, except for those who were transferred to SSUF in terms of Section 14 in the term 1 May 2011 to 31 December 2011.
- ④ The end of the month in which a member reaches his/her NRA in respect of:
 - those members who were transferred to SSUF in terms of Section 14 during the period 1 May 2011 to 31 December 2011;
 - all members who joined the fund as from 1 January 2012; and
 - Santam employees appointed after 1 March 2013.
- ④ Santam members transferred to the SSUF on 1 March 2013 retained their normal retirement date, i.e. 1 April following the date on which they reach their normal retirement age.

2.3 Early Retirement

A member may retire up to 10 years before his/her normal retirement date. The employer's permission is required should

a member wish to retire more than 5 years before normal retirement date. Members who retire prior to age 55 should note the tax implications of doing so.

2.4 Late retirement

Late retirement is only allowed with the express permission of a Group Exco Member of the member's employer. The maximum age that a member may belong to the SSUF as an active member is 70 years. A member who remains a member of the SSUF after NRD does not qualify for the insured death or disability benefits after attaining his/her NRD (Fund or GLA).

The conversion option for life cover will only be available at early retirement or retirement at normal retirement date.

2.5 Retirement Benefit

	Pension Fund	Provident Fund
Benefit	Member's accumulated fund value	Member's accumulated fund value
Manner of payment	Maximum of $\frac{1}{3}$ as a lump sum, balance as pension	Up to 100% can be taken as a lump sum or as a pension

03 Termination of membership

The benefit payable at resignation, retrenchment or dismissal.

3.1 Pension Fund – Member’s full fund value

3.2 Provident Fund – Member’s full fund value

Can be preserved in the SSUF, transferred to another approved fund or taken in cash.

04 Death benefits

4.1 Pension Fund:

- ① Member’s full fund value.

4.2 Provident Fund:

- ① Member’s full fund value; plus
- ② Insured lump sum benefit according to the following table (only payable in the case of death before normal retirement date while active in service)

Age band	Default cover Multiple of Pear	Maximum cover Multiple of Pear	Rate per R1000 cover
Younger than 26 years	5	11	R0.155
26 – 30 years	7	13	R0.110
31 – 35 years	7	12	R0.110
36 – 40 years	6	10	R0.129
41 – 45 years	6	8	R0.129
46 – 50 years	5	7	R0.155
51 – 55 years	5	6	R0.155
56 years and older	4	6	R0.193

- ① Members with cover limitations for natural causes will enjoy:
 - As from 1 April 2017, $\frac{1}{3}$ of full potential cover;
 - as from 1 April 2018, the cover increases to $\frac{2}{3}$; and
 - as from 1 April 2019, full cover.

Costs:

- ① 0.926 % x PEAR for the default benefit (average rate)
- ② Members with cover limitations will pay:
 - from 1 April 2017: $\frac{1}{3}$ of full premium
 - from 1 April 2018: $\frac{2}{3}$ of full premium
 - from 1 April 2019: full cover premium



Important notes:

- ① *The age in the table reflects the member's current age and not the age at which membership commenced.*
- ① *At inception members qualify for the default cover according to their age category.*
- ① *The cover level of members to whom the default applies will be adjusted annually according to the default of their age band.*
- ① *New members have the option at appointment to increase the default cover level up to the maximum level. However, any increase in excess of 1 x PEAR of the default, in the case of members younger than 55 years, will be subject to proof of good health.*
- ① *Members 55 years and older at appointment must provide proof of good health for any increase in cover above the default cover level.*
Also take note of the proof free limits and the application thereof. Any cover amount in excess of the proof free limits is subject to proof of good health.
- ① *The opted cover level of a member will be kept unchanged as the member ages, but will always be subject to the maximum of his/her age band.*
- ① *Annually on 1 May, members are given the option to adjust their cover level up to the maximum level. Any increase will be subject to proof of good health. The additional cost for any increase in the death benefits will reduce the amount available for the member's retirement savings accordingly.*
- ① *Annually (1 May) and at inception date, a member can choose a cover level less than the default. The saving in the cost of death benefits will be applied for retirement benefits.*
- ① *Members younger than 55 years will have the option within three months after they get married or a child of theirs is born to increase the cover up to the default or by two times, whichever is the greatest (but not more than the maximum level), in multiples of 0.5. Such an increase will not be subject to proof of good health.*
- ① *Proof free limits
Combined for Provident Fund and Group Life:
R14 500 000*
- ① *General conditions*
 - *All exclusions applicable to members appointed before 1 May 2011 will still be applicable to any increased or decreased cover.*
 - *Increases or decreases of cover can be done in multiples of 0.5 x salary. Members may elect to have no cover in the event that their fund value exceeds 1 x annual pensionable remuneration.*
 - *Any increase in the cover will result in a decrease of the member's savings contribution for retirement benefits. Likewise, any decrease in cover will result in an increase in the member's savings contribution for retirement benefits.*
 - *Members 55 years and older must always provide proof of good health for any increase in cover.*
 - *Conversion option is available to members who terminate employment if they do so before normal retirement age.*

4.3 Group Life Insurance – Death benefit and lump sum disability

- ① Default/maximum cover level = 2 x PEAR
Minimum cover level = 1 x PEAR
- ① Existing members with a cover level higher than 2 x PEAR will retain their current level.
- ① Where cover limitations are applicable the member's cover for natural causes will phase-in as explained at point 4.2.
- ① **Rate:** R0.235 per R1 000 cover.
 - The premium in respect of members with limited cover for natural causes and full cover for unnatural causes = $\frac{1}{3}$ of normal premium, but not less than what they paid before 1 April 2017. That will increase to $\frac{2}{3}$ on 1 April 2018 and full premium on 1 April 2019.

important notes

- ① Members have an option at inception to choose a lower level (1 times).
- ① Members also have an option annually on 1 May to choose a lower level.
- ① Members younger than 55 years, who opted for 1 times cover, can increase it to 2 times within three months of marriage or birth/adoption of a child. Such an increase will not be subject to proof of good health.
- ① Existing members (appointed before 1 May 2011) retain the option to increase cover at divorce, promotion and death of a spouse, but with proof of good health.
- ① The conversion option is available for the death and trauma benefits and not for lump sum disability benefit.

05 Spouse insurance

Death cover for spouses is not compulsory.

Maximum age of spouse to qualify: 70 years

Continuation and/or conversion option is available on cessation of cover.

Maximum cover = 1 x PEAR

Existing members who have spouse's cover of 2 x PEAR will retain the cover.

Proof free limit

- = R1 300 000 for cover granted as from 1 May 2011
- = R9 000 000 for cover granted before 1 May 2011
- = R3 000 000 in respect of Santam members for whom spouse's cover was granted before 1 March 2013

Rate: R0.236 per R1 000 cover

The following options are available without proof of good health, but subject to the proof free limit:

- ⌚ New employees get a choice at appointment for death cover on their spouse's life.
- ⌚ Existing members get a choice within three months of marriage.

Cover for de facto spouses

- ⌚ A registration form will need to be completed and the application approved before cover commences.
- ⌚ Medical proof of good health is a requirement.

Annual option with proof of good health

Members will annually be granted the option to take out spouse's cover. Such an option will be subject to proof of good health.



06 Trauma insurance

As from 1 May 2011 trauma insurance is compulsory for all new employees. As on 1 May 2017 members had a choice between the standard or comprehensive trauma benefit.

No proof of good health is required.

- ① Cover = 1 x PEAR
- ② Maximum cover = R1 300 000

When the maximum cover limit increases the cover of existing members will increase accordingly to 1 x PEAR subject to the new maximum.

A conversion option is available on termination of employment.

Rates:

Standard trauma option:	R0.300 per R1 000 cover
Comprehensive trauma option:	R0.373 per R1 000 cover



07 Income Disability Benefit

Basic benefit payable after a 3 month waiting period is:

- ① 75% of the first R120 000 of TGP; plus
- ② 60% of the next R360 000 of TGP; plus
- ③ 50% of the TGP in excess of R480 000
 - Top-up benefit payable for certain conditions are a maximum of 25% of TGP less the member contribution waiver of 6% of TGP.
 - Employer contribution waiver = 8.56% of TGP after 3 month waiting period.
(Contribution to Provident Fund)
 - Member contribution waiver = 6% of TGP after 3 month waiting period.
(Contribution to Pension Fund)
 - Annual ad hoc increase applies, subject to minimum of 2%.

Proof free limit

= R120 000 pm for cover granted on or after 1 May 2011
= R165 000 pm for cover granted before 1 May 2011

Rate: 0.885% x TGP

Minimum benefit = one-third of full potential cover, but not less than the benefit for natural causes applicable as before 1 April 2017. Minimum benefit will be phased out over 3 years [until 1 April 2019] to full benefit. [Any exclusions remain applicable as before 1 April 2017.]

Maximum cost for minimum benefit: one-third of normal premium, but not less than what the member paid before 1 April 2017. As from 1 April 2018 the premium increases to $\frac{2}{3}$ and from 1 April 2019 the full premium will be payable.

A conversion option is available at termination of employment.

08 Family cover - optional benefit

- ① Employees have a once-off option at appointment to become a member and to add their parents and parents-in-law. (Maximum age for parents to join is 79 years.)
- ① Parents-in-law can also be added within 3 months of a member's marriage.
- ① The waiting period for parents/parents-in-law is six months if death is due to natural causes.
- ① Members can only make use of one option for cover and cannot have a combination of Option 1 and Option 2. E.g. If Option 2 is selected it will be applicable for the basic benefit, additional spouses as well as the cover of parents who are insured. (Certain conditions apply.)
- ① All existing members, with parent cover, had a once-off option on 1 May 2017 to select additional parent cover.
- ① The additional parent cover, if selected, will be applicable to all parents who are insured.
- ① At termination of employment members can convert the cover to individual insurance with Sanlam Sky.



Benefits payable at death and premiums

	Option 1	Option 2	Additional parent cover
Family member on whom benefit is applicable			
Basic benefit	R27 500	R55 000	
Principal member	R27 500	R55 000	
Qualifying Spouse	R27 500	R55 000	
Qualifying child aged 14 and over	R15 125	R30 000	
Qualifying child aged 6 and over but younger than 14	R10 000	R10 000	
Qualifying child younger than age 6 and/or still-born child	Principal	Principal	
Additional spouses (ex-spouse in case of divorce)	R27 500	R27 500	
Legal Parents or parents-in-law	R 7 500	R15 000	R10 000
Monthly premiums			
Basic benefit	R 8.75	R17.50	
Additional spouses	R4.00 per spouse	R8.00 per spouse	
Parent cover	R22.50 per parent	R45.00 per parent	R40.00 per parent

Fund information and other queries

Comprehensive fund information is available on the SSUF website at <http://www.sanlam.co.za/campaigns/myretirementfund/Pages/default.aspx>

Members can access their fund benefits and related information via the Retirement Fund Web facility at any stage, as well as the Sanlam My Retirement App.

The trustees urge members to visit the website on a regular basis and to ensure that they are well informed about their retirement and related benefits.

Please refer to the Web-user manual for step-by-step instructions on how to access the Web and for details about the facilities and information available.

Direct any questions and concerns to Chrisna Swart at:

E-mail: chrisna.swart@sanlam.co.za

Postal address: PO Box 1, Sanlamhof, 7532



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