



Staff Umbrella Pension and Providend Funds (SSUF)

**Annual report to members for the period
1 April 2017 to 31 March 2018**
(Including detail of events up to 1 August 2018)

Insurance

Financial Planning

Retirement

Investments

Wealth

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Introduction

As a SSUF member you need to know exactly what your fund benefits entail. What benefits will be payable when you retire, become disabled or die. These benefits are a crucial part of your employment conditions and financial planning.

The trustees wish to keep you updated with your benefits and developments in the SSUF. It is therefore important for you to have a sound knowledge of the contents of this report as well as your personal benefit statement.

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 on the dates indicated below. You can find more details in this report:



- ① A passive investment option, the Satrix High Equity portfolio was made available to members; and
- ② The cost structure of the investment options was reviewed.



A new conversion option structure for death benefits was implemented in order to limit future increases in the cost of the death cover provided by the SSUF and group life scheme.



The basis for calculating risk benefits i.e. death cover, lump sum disability cover and trauma cover changed from PEAR to TGP.

We want to encourage you to visit the communication website of the SSUF for more comprehensive information and to consult with an accredited financial adviser 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. The trustees serve for a 3 year term.

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 2018 – 30 June 2021
SPF	Johann de Wet	Seshen Pillay	1 July 2018 – 30 June 2021
SI	Wayne Hilton	Hendrik Scholtz	1 July 2018 – 30 June 2021
Other/SEB	David Gluckman	PG Marais	1 July 2018 – 30 June 2021

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 Janse van Rensburg	1 July 2018 – 30 June 2021
Investments/Finance	Ralph Thomas	Jill Rose	1 July 2018 – 30 June 2021
Governance/Investments/Finance	Bernice Viljoen	Patrick Hartnic	1 July 2018 – 30 June 2021
HR/Legal/Governance	Vionne Tregurtha	Nomzamo Ngqulana-Kasana	1 July 2018 – 30 June 2021

Other Fund Officials

Principal Officer

Chrisna Swart

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Deputy Principal Officer

Diana Petersen

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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

Infinet

Sanlam Investments

Blue Ink

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

Member statistics

	1 April 2015	1 April 2016	1 April 2017	1 April 2018
Active members	10 387	11 422	12 355	12 704
Occupationally disabled members	95	99	89	78

Rule changes

The rules of the SSUF (both Pension and Provident Funds) were reviewed as on 1 May 2017 in order to consolidate and incorporate all rule amendments in a revised set of rules. These consolidated revised rules were registered by the Registrar of Pension Funds on 13 June 2017.

Following the registration of the consolidated revised rules the following rule change was registered during the year under review:

- A member who receive a disability income benefit and who is within two years of his/her normal retirement date may request early retirement from the SSUF.

The Rules of the SSUF are available for members on the SSUF website

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



Investments

Distribution of members' fund values in the various investment portfolios

Investment portfolios	1 April 2018
SIM Cash*	1.40%
Monthly Bonus	1.20%
Stable Bonus	8.07%
SIM Moderate Absolute*	2.37%
SIM Moderate	5.96%
SMM NUR Balanced*	0.54%
Allan Gray Global Balanced	17.75%
Coronation Managed	11.56%
SIM Aggressive	6.68%
Glacier Option	38.41%
Sanlam Life Stage Option	
- Portfolio	4.86%
- Capital Protection Portfolio	0.54%
- ILLA Preservation Portfolio	0.06%
Totals	99.40 %

The balance of 0.60% is unsold demutualisation shares that are allocated to certain members.

**The names for these portfolios were changed as from 1 April 2018. Please note that no other changes were made to these portfolios.*

Changes in the SSUF investment environment

The Board of Trustees continuously monitor and review the investment menu to ensure it is optimal for the members. The following changes were recently implemented:

Addition of a passive portfolio

A passive portfolio, the Satrix High Equity fund was added to the SSUF investment menu as from 1 April 2018. This portfolio invests primarily in equity, property, fixed interest investments, cash and foreign assets. Each of the underlying asset classes, except cash, is managed on a passive basis, i.e. tracks an underlying index.

The benchmark is:		
Asset class	Percentage	Index
RSA Equities	55%	Shareholder Weighted Index (SWIX)
RSA Property	6%	SAPY PROPERTY Index
RSA Bonds	8%	BEASSA TRI
RSA Inflation Linked Bonds	6%	JSE ASSA TR Inflation-Linked Gov Bond Index
RSA Cash	5%	Short Term Fixed Interest Index (STeFI)
Foreign Equities	15%	MSCI World Equity Index
Foreign Bonds	5%	Barclays Global Aggregate

The high equity allocation can result in volatile returns. The investment fee is 0.175 % per annum on local and foreign assets.



New revised fee structures

The following fee changes were implemented:

Portfolio	Old Fees		New Fees
	Domestic Assets	Global Assets	Same fee for Domestic and Global Assets
Single Manager Range			
SIM Cash Fund	0.30%		0.15% (implemented 1 January 2018)
SIM Moderate Absolute Fund	0.70%	0.85%	0.45% (implemented 1 April 2018)
SIM Moderate	0.25%	0.75%	0.40% (implemented 1 May 2018)
SIM Aggressive	0.25%	0.75%	0.45% (Implemented 1 May 2018)
Multi Manager Range			
SMM NUR Balanced Fund	1.05%		0.95% (implemented 1 October 2017) 0.90% (when asset size reach R100m)

Fees of Glacier/SPW investment option

The Glacier administration fees for members who are invested in the Glacier/SPW. Investment options were amended as follows as from 1 August 2018:

Old fee structure		New fee structure	
On the first R750 000	0.49%	On the first R750 000	0.45%
On the next R200 000	0.39%	On the next R200 000	0.39%
On the next R4 000 000	0.29%	On the next R4 000 000	0.29%
Thereafter	0.25%	Thereafter	0.25%
Minimum fee per month	R60		R0

Please also refer the article regarding the impact of fees on retirement outcome in this report.

The investment performances of the Funds' various investment portfolios as at 1 April 2018

Sanlam Staff Umbrella Pension Fund

Return (net of fees and tax) over the period stated below, ended on 1 April 2018

Period		SIM Moderate Portfolio	SIM Aggressive Portfolio	Allan Gray Global Balanced Portfolio	Coronation Managed Portfolio	SIM Moderate Absolute Portfolio	Stable Bonus	Monthly Bonus	SIM Cash Portfolio	SMM NUR Balanced
3 months	Over the period	-4.04%	-4.67%	-3.24%	-3.85%	-0.93%	2.05%	1.88%	1.98%	-2.05%
6 months	Over the period	-1.31%	-2.10%	-0.03%	-2.82%	-0.41%	4.28%	3.98%	3.83%	-1.05%
9 months	Over the period	4.25%	3.56%	5.20%	2.69%	3.39%	6.17%	5.70%	5.90%	3.24%
12 months	Over the period	5.39%	3.96%	5.14%	2.90%	5.09%	8.13%	7.49%	8.01%	2.06%
24 months	Annualised	4.67%	5.43%	4.98%	5.09%	6.02%	8.23%	7.63%	8.09%	3.34%
36 months	Annualised	5.00%	5.56%	7.52%	5.08%	6.92%	8.93%	8.40%	7.69%	3.92%
60 months	Annualised	10.09%	10.33%	9.39%	9.66%	9.19%	12.25%	11.35%	7.00%	-
Since inception	Over the period	914.14%	634.68%	1 068.33%	806.96%	326.86%	533.30%	424.46%	428.06%	21.23%
Since inception	Annualised	11.66%	12.26%	16.24%	14.45%	10.79%	13.09%	11.68%	8.25%	4.63%
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 2018

Period		Sanlam Lifestage Accumulated	Capital Protection Preservation	Sanlam Lifestage ILLA Preservation Portfolio
3 months	Over the period	-5.56%	2.02%	-2.10%
6 months	Over the period	-1.56%	4.23%	0.98%
9 months	Over the period	4.32%	6.08%	5.64%
12 months	Over the period	4.21%	8.01%	5.61%
24 months	Annualised	3.80%	8.11%	5.47%
36 months	Annualised	2.90%	-	-
60 months	Annualised	9.00%	-	-
Since inception	Over the period	108.54%	25.64%	17.45%
Since inception	Annualised	11.21%	8.39%	5.84%
Inception date		01/05/2011	01/06/2015	01/06/2015



Sanlam Staff Umbrella Provident Fund

Return (net of fees and tax) over the period stated below, ended on 1 April 2018

Period		SIM Moderate Absolute Portfolio	SIM Aggressive Portfolio	Allan Gray Global Balanced Portfolio	Coronation Managed Portfolio	SIM Moderate Absolute Portfolio	Stable Bonus	Monthly Bonus	SIM Cash Portfolio	SMM NUR Balanced
3 months	Over the period	-4.04%	-4.65%	-3.23%	-3.85%	-0.93%	2.05%	1.88%	1.99%	-2.02%
6 months	Over the period	-1.31%	-2.10%	-0.02%	-2.81%	-0.42%	4.28%	3.99%	3.87%	-1.02%
9 months	Over the period	4.26%	3.57%	5.22%	2.69%	3.38%	6.17%	5.70%	5.94%	3.27%
12 months	Over the period	5.40%	3.97%	5.17%	2.90%	5.08%	8.13%	7.49%	8.05%	2.09%
24 months	Annualised	4.68%	5.44%	5.00%	5.10%	6.01%	8.23%	7.63%	8.11%	3.37%
36 months	Annualised	5.00%	5.57%	7.55%	5.07%	6.92%	8.93%	8.40%	7.72%	3.90%
60 months	Annualised	10.10%	10.38%	9.44%	9.64%	9.20%	12.25%	11.36%	7.02%	-
Since inception	Over the period	914.26%	635.25%	1073.74%	803.47%	328.30%	533.30%	424.84%	428.67%	21.27%
Since inception	Annualised	11.66%	12.26%	16.27%	14.43%	10.81%	13.09%	11.69%	8.25%	4.64%
Inception date		01/02/2004	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 2018

Period		Sanlam Lifestage Accumulated	Capital Protection Preservation	Sanlam Lifestage ILLA Preservation Portfolio
3 months	Over the period	-5.52%	2.02%	-2.00%
6 months	Over the period	-1.53%	4.23%	1.09%
9 months	Over the period	4.34%	6.08%	5.76%
12 months	Over the period	4.23%	8.00%	5.72%
24 months	Annualised	3.80%	8.10%	5.51%
36 months	Annualised	2.90%	-	-
60 months	Annualised	9.04%	-	-
Since inception	Over the period	109.07%	25.60%	17.10%
Since inception	Annualised	11.25%	8.38%	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 25 July 2018 (for example) is actually the investment data as at 23 July 2018.
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 Balanced portfolio was opened on 1 June 2015. The monthly returns before this date are the Allan Gray Domestic Balanced 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.

Conditions for changing (switching) your investment portfolio selection

- ① Members may change their investment portfolio selection at any stage.
- ② Members can make the change online via the Member Portal or complete the manual form included in the Investment Information brochure that is available on the SSUF Communication Website.
- ③ The total cost of changing the investment portfolio(s) of your fund value will be R978 (VAT included). It is R489 per fund being the Pension Fund and the Provident Fund. This charge will be recovered from your fund value. The cost of R978 is for a total instruction to be implemented.

Important:

- ① Members are entitled to one free investment switch per calendar year, thereafter the fee above per change instruction will apply.
- ② The member's investment instruction will be implemented on both the Pension Fund and Provident Fund i.e. the same will be implemented.
- ③ Changes to the ratio in which your future monthly contributions are invested will be free of charge.

Process regarding investment of monthly contributions

Members enquire from time to time why their contributions are not invested on payday. The monthly contributions deducted from each member's remuneration are paid into the bank account of the SSUF by the employer before the end of the specific month.

The employer also provide a breakdown to indicate each member's contributions to the fund administrator.

In terms of the Service Level Agreement the fund administrator has to reconcile the data provided by the employer with the members' fund records within 5 working days. Only once the reconciliation is done, can the contributions be invested in the member's selected investment portfolios.

The impact of fees on retirement outcomes

The South African asset management industry is loaded with various asset managers offering a number of different investment portfolios with the target of providing individuals with high capital growth which should, in theory, lead to "good retirement outcomes". Comparing the gross returns as published by these asset managers, however, may be perceived as acceptable Until one analyses the effect fees for these portfolios have on the actual fund value a member is left with after a long-term investment.

Members are becoming increasingly aware of the fees charged on their investments, but not of the impact it has on their fund value over time. The typical myth of "higher price

equals better quality” does not necessarily fit the investment management sector. That is because of the deteriorating effect that higher fees have on an investment.

Despite the concept of compound interest being well documented – most members still do not understand the long-term implications of this very well-known term. It is critically important to understand the impact of investment fees on one’s final retirement outcome and future financial well-being.

Although 1 % or 2 % might seem very little now, the impact in 10, 20 or 45 years (a typical working life) from now can be enormous.

Let’s unpack what impact a 1 % and 1.5 % fee would have on a typical member’s fund value after 30 years of investing.

Let’s take John, a first time employee and member of a retirement fund, as an example:

Age: 20
Gender: Male
Total guaranteed package: R240 000 pa (R20 000 pm)
Total retirement fund contribution rate: 17% pa
Salary inflation: CPI + 1.5 %

If John was invested in an aggressive portfolio (targeting CPI + 6 %) which aims to provide capital growth over the long-term, John would have noticed the following gross returns on his investment at the end of the 30 year period:

	1 Year	3 Year	5 Year	Since inception
Gross returns (CPI + 6 %)	11.3%	11.5%	11.8%	14.0%

Considering fees of 1 % and 1.5 % pa respectively, however, the net returns of John’s investment at the end of the 30 year period was as follows:

	1 Year	3 Year	5 Year	Since inception
Net returns (Fee: 1 %)	10.3%	10.5%	10.8%	13.0%
Net returns (Fee: 1.5 %)	9.8%	10.0%	10.3%	12.5%

The difference shown in the above tables would not seem too stark to the average member. However, the impact on their **final fund value** at the end of the 30-year period really shows the large negative impact on members’ investment as a result of fees.

After 30 years of investing, the total contributions, total investment returns and final fund value for each of the three scenarios shown above was as follows:

Scenario	Total Contributions	Total Investment Returns (before fees)	Fund Value
Gross returns (CPI + 6 %)	R5 516 280	R22 380 260	R27 896 540
Net returns (Fee: 1 %)	R5 516 280	R22 380 260	R23 555 267
Net returns (Fee: 1.5 %)	R5 516 280	R22 380 260	R21 683 834

The fund value that a member would have received had **no fees** been deducted was **R27 896 540**.

This was....

R4 341 273 (18 %) more than a member who paid a fee of 1 %	R6 212 706 (29 %) more than a member who paid a fee of 1.5 %
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This analysis only shows a difference in the fund value over 30 years. When considering a period of 45 years (the typical time period to retirement), the **actual difference increases exponentially!**

Ultimately, it is net contributions and net investment returns that will determine your retirement benefit. Therefore, when making investment decisions, it is important to carefully consider the portfolio management fees charged by asset managers and other cost charged by investment administrators.

Because of compound interest, even a relatively small difference in fee, could have a **substantial** impact on a member's final retirement outcome.

Rates for death, trauma and disability benefits

The rates of the death and other risk benefits provided to the members of the SSUF are revised annually by the insurer based on the claims experience. The death benefit provides cover payable to the dependants/nominees in case of death of the member. The SSUF also offers an additional “rider” benefit. This allows the member, on exiting the SSUF, to convert his/her death cover to a Sanlam Individual Life policy without having to provide proof of good health (Conversion option).

This year the Trustees of the SSUF were challenged with a proposed increase of 20% for the death cover rates. The reason for this is due to the SSUF experiencing a drastic increase, over the past 3 years, in the number of members converting their death cover upon exiting the SSUF. This in turn, resulted in a deterioration of the claims experience and a proposal by the underwriter to increase death cover rates by 20%.

Revised conversion option

After thorough investigation and consultation, the SSUF trustees decided to implement a new death cover conversion option structure for members who exit the fund from 1 May 2018. In future the convertible cover amount will be based on the number of years' service with the employer. This change enabled the trustees to limit the increase in the death cover rate to only 4%.

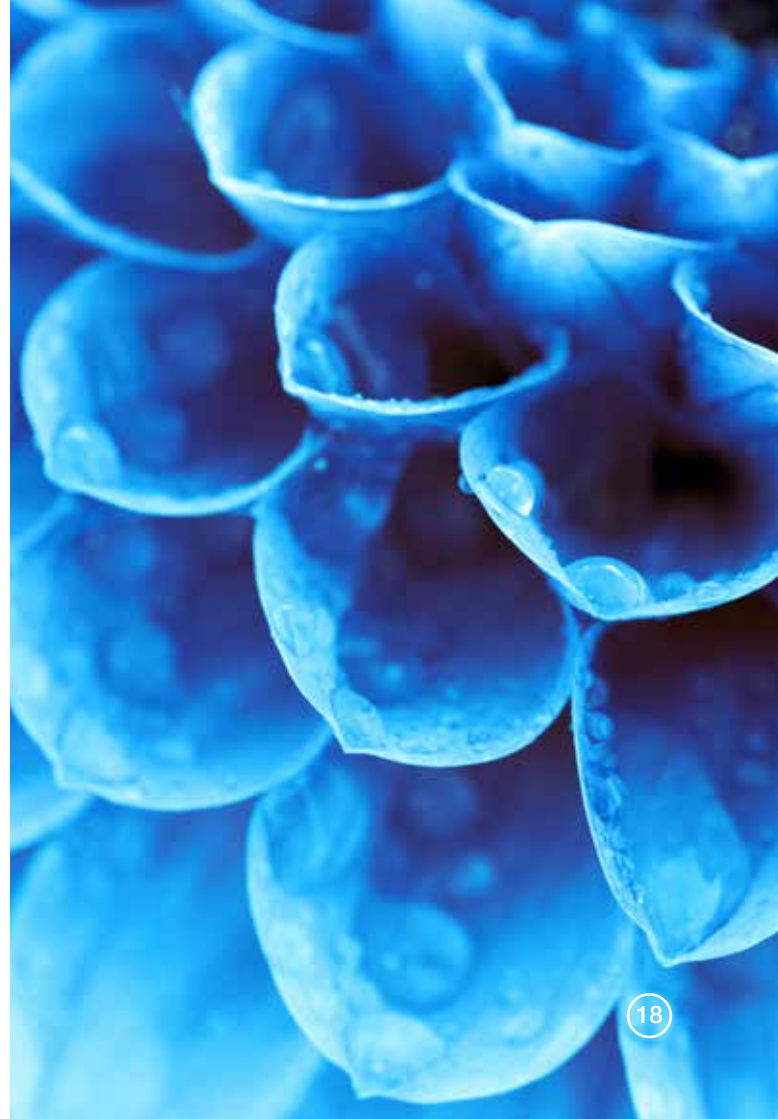
The revised structure as explained below is applicable to the death cover on the member's life under the Group Life Insurance Scheme as well as the SSUF. The structure will be reviewed annually in order to ensure that members enjoy maximum benefits at a fair rate that do not impact negatively on their retirement savings. The agreed structure for determining the convertible death cover amount is as follows:

Members appointed before 1 May 2018

- ④ Members with less than 5 years completed service at date of exit can convert 25% of their death benefit;
- ④ Members with more than 5 years completed service at date of exit, qualify to convert an amount equal to 5% of their death benefit for each completed year of service, up to the maximum of 100% after 20 years' of service.

Members appointed from 1 May 2018

- ④ Members will start at 0% and qualify to convert an amount equal to 5% of their death benefit for each completed year of service as at the date of exit, up to the maximum of 100% after 20 years' of service.



Additional condition applicable to death cover under the SSUF

The premium for death cover under the SSUF is non-taxable and therefore the benefit is taxable if paid by the SSUF. After conversion, the premium of the policy is paid with after tax money and therefore any benefit paid under the policy is tax-free.

To ensure that the cover payable after conversion is in line with the pre-converted cover, the convertible amount as explained above will be scaled down to 75% of the calculated amount (a 25% tax rate is therefore assumed).

Under the Group Life Scheme members will be allowed to convert 100% of the calculated amount.

Example: Group life death cover: R900 000
SSUF: In-Fund death cover: R2 000 000

Appointment date	01-05-2018	01-01-2015	01-01-2001
Exiting date	31-12-2019	31-05-2018	30-06-2018
Completed years of service	1 year	3 years	17 years
Group life death cover Convertible amount	R900 000 x 5% = R45 000	R900 000 x 25% = R225 000	R900 000 x 85% = R765 000
SSUF: In-Fund death coverConvertible amount	R2 000 000 x 5% = R100 000 x 75% = R75 000	R2 000 000 x 25% = R500 000 x 75% = R375 000	R2 000 000 x 85% = R1 700 000 x 75% = R1 275 000

Impact of the increased death cover rate

The costs of the death benefits provided by the SSUF are recovered from the member's **employer contributions**. The costs recovered per member are indicated on each member's personal benefit statement, which you will find on the Member Portal (Retirement Fund Web). Members are therefore not experiencing any decrease in their take home pay due to the 4% increase in the rates, but less money is available for retirement savings.

During the annual flex event members can review their death cover level under the SSUF and consider increasing their SSUF contribution rates.

The actual premiums that each employee pays for the Income Care, Group Life and Family insurance cover, are indicated on their payslip. As the premiums for the insurance are paid with after-tax money, the benefits payable are tax-free in terms of current legislation.



The revised monthly rates effective from 1 May 2018 are set out here after:

01 Family insurance

The rates payable remained unchanged. From 1 May 2018, the benefits payable in respect of the basic benefit increased with 5%, while the benefits in respect of parent cover remain unchanged.



	Benefit before 1 May 2018		Revised benefit from 1 May 2018	
	Option 1	Option 2	Option 3	Option 4
Principal member	R27 500	R55 000	R29 000	R58 000
Qualifying spouse	R27 500	R55 000	R29 000	R58 000
Qualifying children of 14 years and older	R27 500	R55 000	R29 000	R58 000
Qualifying children of 6 years and older, but younger than 14 years	R15 125	R30 000	R15 950	R30 000
Qualifying children younger than 6 years, or a stillborn child	R10 000	R10 000	R10 000	R10 000
Legal parents (who are insured)	R7 500	R15 000	R7 500	R15 000
Additional parent cover	R10 000	R10 000	R10 000	R10 000

The rates for family insurance are:

	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	-

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 legal 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.

02 Income Care insurance

The rate payable for the income disability benefit remained unchanged at 0,885 % of total guaranteed package.

The maximum for the Top-up benefit increased from R65 000 to R67 000.

The proof free limit increased from R120 000 per month to R130 000 per month. (A limit of R165 000 is applicable to members who entered before 1 May 2011.)

03 Trauma insurance

The rates for the trauma insurance remained unchanged as follows:

- ① Standard Trauma cover - R0,300 per month per R1 000 cover;
- ② Comprehensive Trauma cover - R0,373 per month per R1 000 cover.

The maximum allowable trauma cover (as well as the proof free limit) increased from R1.3m to R1.4m.

04 Group life insurance

› Cover on the member's life

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

The combined proof free limit for Group Life Insurance and SSUF death benefits on the member's life increased from R14.5m to R15m.

› Cover on the member's spouse life

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

The proof free limit for spouse insurance increased from R1.3m to R1.4m.



05 Sanlam Staff Umbrella Provident Fund (SSUF - death benefits)

The average rate for the death benefits increased by 4%.

The premiums of members who selected a lower/higher cover level will reduce/increase according to the rate applicable to their age band. (See table below)

The annual flex exercise presents members with the opportunity to select a lower/higher level of cover.

Important: Any increase in cover will be subject to proof of good health.

Age band	Rate per R1 000 cover
Younger than 26 years	R0,161
26 - 30 years	R0,115
31 - 35 years	R0,115
36 - 40 years	R0,134
41 - 45 years	R0,134
46 - 50 years	R0,161
51 - 55 years	R0,161
56 years and older	R0,201

The combined proof free limit for Group Life Insurance and SSUF death benefits on the member's life increased from R14.5m to R15m.

Note regarding proof free limits:

Proof of good health will be required for cover amounts that exceed 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 risk benefits changed from PEAR to TGP

In order to simplify the structure with respect to risk benefits provided by the SSUF and group life insurance schemes the trustees approved a proposed conversion process to do away with Pensionable Earnings (PEAR) and Former PEAR. As from 1 August 2018 all fund and group life risk benefits are calculated on 0.5 multiples of Total Guaranteed Package (TGP).

In order to make sure that all members were treated fairly during this conversion the calculated Rand amount of cover of each member as on 31 July 2018 was converted to a multiple of TGP and then rounded up to the higher 0.5 multiple of TGP. This resulted in all members defaulting to a slightly higher total cover amount with a consequent small increase in the cost of their cover.

Members were allowed the opportunity to adjust their higher cover levels and granted the option to select a lower 0.5 multiple of TGP as their cover amount during a special flex pay event. No increase of cover was allowed.

To facilitate the process, a comparative benefit statement was issued to each member containing the detail of his/her cover levels (Rand and multiple) and premiums, as well as the new converted levels and premiums. This benefit statement is available on the SAP payroll system under SSUF Benefit statements, select "RBS - 2018". A calculator was also made available to members which they could use to calculate the effect of different alternative lower cover levels.

Members who did not make use of the special flex event opportunity to select a lower level of cover will be granted the option to do so during any future annual flex event.

New conditions applicable to maximum lump sum disability benefits and SSUF In-Fund death cover

It is important that you take note of the following changes applicable effective 1 August 2018:

Lump sum disability cover

The lump sum disability cover of members is equal to their group life death cover, subject to a maximum of 2 x TGP. However, as a result of the conversion exercise the lump sum disability cover multiple of some members effective 1 August

2018 exceed 2 x TGP. Should such a member in future reduce his/her death cover to a lower multiple than the converted lump sum disability cover level, then the lump sum disability cover will be reduced to the selected death cover level.

Example:

Converted death Cover = 4 x TGP and Converted lump sum disability cover = 2.5 x TGP. Should this member select a new lower group life death cover level, then the lump sum disability cover will also reduce in some cases, e.g.

Newly selected lower death benefit	Change to disability lump sum benefit as a result of choosing a lower death cover level
3 x TGP	2.5 x TGP (it will remain at 2.5x since it was converted/defaulted to 2.5x and it is thus still lower than the newly selected 3x death cover)
2 x TGP	2 x TGP (the defaulted 2.5x will be reduced to 2x to be aligned with selected death cover level of 2x)
1.5 x TGP	1.5 x TGP (the defaulted 2.5x will be reduced to 1.5x to be aligned with selected death cover level of 1.5x)

SSUF: In-Fund death cover

The new STANDARD maximum levels of cover (multiple of TGP) per age band for death cover in the SSUF are indicated in the table below. A 2nd column is also listed as “SPECIAL” maximum cover, applicable to members, whose converted cover multiple as a result of the conversion, is higher than the “New STANDARD Maximum cover Multiple of TGP” for their age band to ensure that they **can retain** their Rand amount of cover level that was applicable as on 31 July 2018.

	New STANDARD Maximum cover Multiple of TGP	SPECIAL Maximum cover limits Multiple of TGP
Younger than 26 years	9	9
26 - 30 years	10.5	11
31 - 35 years	10	12
36 - 40 years	8	13.5
41 - 45 years	6.5	12
46 - 50 years	6	9.5
51 - 55 years	5	9
56 years and older	5	7.5

However, in order to ensure fairness, the following conditions will be applicable to members who are subject to the SPECIAL Maximum cover limits:

- As they age, their cover will reduce according to the “SPECIAL Maximum cover” table.

Example:

A member age 37 with a converted cover level of 9 x TGP will remain on 9x which will reduce to 7.5x when the member turns 56 years old.

- These members will not be able to increase their cover to a multiple higher than the New STANDARD Maximum cover levels.

Example:

A member age 37 with a converted cover level of 9 x TGP cannot increase his/her cover to 13.5x. For this member any future increases in cover will be subject to a maximum cover level of 9x. This means that only if the member in the example had reduced his/her cover to a level lower than 8x then there is room for a future increase in his/her cover.

Example of conversion of cover:

Total Guaranteed Package (TGP)	R304 982			Currently used for calculation of PHI benefits and SSUF contributions					
Pensionable Earnings (PEAR) = 80 % of TGP	R243 985								
Risk salary (equals PEAR unless a different basis applied)	R243 985			Used before 1 August 2018 for the calculation of SSUF death cover, Trauma, GLA death and lump sum disability cover					
Benefit	Current as for July 2018			Converted as from 1 August 2018					
	Multiple of risk salary	Cover amount	Premium pm	Multiple of TGP (unrounded)	Revised multiple rounded to higher 0.5	Revised cover amount	Premium pm	Increase / Decrease in Premium pm	Increase as % of TGP
<i>Group Life cover</i>									
On member's own life:									
Death cover	3	R731 955	R172.01	2.4	2.5	R762 455	R179.18	R7.17	0.03 %
Lump sum disability benefit	2	R487 970		1.8	2	R609 964			
Spouse cover (only death benefit)	1	R243 985	R 57.58	0.8	1	R304 982	R71.98	R14.40	0.06 %
Trauma cover (Standard)	1	R243 985	R 73.20	0.8	1	R304 982	R91.49	R18.30	0.07 %
Totals			R302.79				R342.65	R39.86	0.16 %
							Increase / (Decrease) in take home pay		(R39.86)
SSUF (In-Fund Death cover)	3	R731 955	R117.84	2.4	2.5	R762 455	R122.76	-R 4.91	0.02 %
							Total increase / (Decrease) in savings for retirement		(R4.91)

Amendments to the SSUF rules as a result of this conversion of cover exercise:

- ⤷ A definition for Converted Cover was added.
- ⤷ The definition of Pensionable Remuneration was deleted.
- ⤷ The definition of Total Guaranteed Package was amended.
- ⤷ The death benefits part was amended to reflect the new default and maximum levels as well as the conditions applicable to the Special Maximum cover levels.
- ⤷ The default and maximum levels are:

Age band	Default cover Multiple of TGP	Maximum cover Multiple of TGP	Special Maximum cover limits Multiple of TGP
Younger than 26 years	4	9	9
26 - 30 years	6	10.5	11
31 - 35 years	6	10	12
36 - 40 years	5	8	13.5
41 - 45 years	5	6.5	12
46 - 50 years	4	6	9.5
51 - 55 years	4	5	9
56 years and older	3.5	5	7.5



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 an appropriate contribution rate.

How to access the App



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

- 1 Have your **retirement fund member number** handy before you start. (The number is on your SSUF benefit statement on SAP)
- 2 Go to www.sanlam.co.za and click on **LOGIN** (top right) and then select **SECURE SERVICES**.
- 3 Select **REGISTER** and **INSERT** your member number (or any other Sanlam product number) and click **SEARCH**.
- 4 **CONFIRM** your cell number and your email address. Click **NEXT**.
- 5 **CHOOSE** a **USERNAME**. A temporary password will be sent to your cell phone number or email address.
- 6 **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

Contribution 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

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.

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.

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.

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 on early retirement or retirement on normal retirement date.

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

Pension Fund – Member’s full fund value

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

Pension Fund:

- Member’s full fund value

Provident Fund:

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

Age band	Default cover Multiple of TGP	Maximum cover Multiple of TGP	Rate per R1000 cover
Younger than 26 years	4	9	R0.161
26 – 30 years	6	10.5	R0.115
31 – 35 years	6	10	R0.115
36 – 40 years	5	8	R0.134
41 – 45 years	5	6.5	R0.134
46 – 50 years	4	6	R0.161
51 – 55 years	4	5	R0.161
56 years and older	3.5	5	R0.201

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

Costs:

- Unit rate per R1 000 cover as indicated in table above
- Members with cover limitations will pay:
 - from 1 April 2017: 1/3 of full premium
 - from 1 April 2018: 2/3 of full premium
 - from 1 April 2019: full cover premium

Important notes:

- ④ *The age in the table reflects the member's current age and not the age at which membership commenced.*
- ④ *At inception members qualify for the default cover according to their age category.*
- ④ *The cover level of members to whom the default applies will be adjusted annually according to the default of their age band.*
- ④ *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 TGP of the default, in the case of members younger than 55 years, will be subject to proof of good health.*
- ④ *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.*
- ④ *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.*
- ④ *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.*
- ④ *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.*
- ④ *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 x TGP. Such an increase will not be subject to proof of good health.*
- ④ *Proof free limits*
Combined for Provident Fund and Group Life: R15 000 000
- ④ *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 TGP. Members may elect to have no cover in the event that their fund value exceeds 0.5 x TGP.*
 - *Any increase in the cover will result in a decrease of the member's savings contribution for retirement benefits. Likewise will any decrease in cover 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.*

Group Life Insurance – Death benefit and lump sum disability

- ① Default/maximum cover level = 2 x TGP
Minimum cover level = 0.5 x TGP
- ① Existing members with a cover level higher than 2 x TGP will retain their current level and may opt to decrease it during the annual flex event.
- 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 (Minimum: 0.5 x TGP).*
- ① *Members also have an option annually on 1 May to choose a lower level.*
- ① *Members younger than 55 years, who opted for a cover level lower than 2 x TGP, can increase it to maximum of 2 x TGP 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 *Conversion option is available for the death and trauma benefits, but 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 TGP

Existing members who have spouse's cover of more than 1 x TGP will retain the cover

Proof free limit

- = R1 400 000 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 from 1 May 2017 members have a choice between a standard or comprehensive trauma benefit.

No proof of good health is required.

- ② Cover levels: 0.5x or 1x TGP
- ② Maximum cover = R1 400 000

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

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

- ④ Basic benefit payable after a 3 month waiting period is:
 - 75 % of the first R120 000 of TGP; plus
 - 60 % of the next R360 000 of TGP; plus
 - 50 % of the TGP in excess of R480 000
- ④ Top-up benefit payable for certain conditions are a maximum of 25 % of TGP less the member contribution waiver of 6 % of TGP.
- ④ Employer contribution waiver = 8.56 % of TGP after 3 month waiting period. (Contribution to Provident Fund)
- ④ Member contribution waiver = 6 % of TGP after 3 month waiting period. (Contribution to Pension Fund)
- ④ Annual ad hoc increase applies, subject to minimum of 2 %.

Proof free limit = R130 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.

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 can select to add their legal 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 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			
① Principal member	R29 000	R58 000	
① Qualifying Spouse	R29 000	R58 000	
① Qualifying child aged 14 and over	R29 000	R58 000	
① Qualifying child aged 6 and over but younger than 14	R15 950	R30 000	
① Qualifying child younger than age 6 and/or still-born child	R10 000	R10 000	
Additional spouses (ex-spouse in case of divorce)	R29 000	R58 000	
Legal Parents or parents-in-law	R7 500	R15 000	R10 000
	Monthly premiums		
Basic benefit	R8.75	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

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