This booklet does not form part of the official Rules and Policies. In the event of any contradiction between the contents of this booklet and the official Rules and/or Policies, the provisions of the Rules and Policies shall prevail. These rules and policies are available for perusal on request at Chrisna Swart, Sanlam Head Office, Tel: 021 947 8404.

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Annexure A: Investment portfolios
1. **Introduction**

Retirement and related benefits for office staff employees within the Sanlam Group and its affiliates, are provided by four separate products, namely the Sanlam Staff Umbrella Pension and Provident Funds [the SSUF], Sanlam Office Staff Group Life Assurance, Sanlam Family Insurance and Sanlam Office Staff IncomeCare Insurance. The benefits offered by the SSUF and related group insurance policies are covered briefly in this document. A member booklet with more details is available on the My Retirement Fund website:

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

Membership is compulsory for all permanent office staff employees who are in the full-time service of a participating employer.

**Please note:**

At permanent appointment employees have to make certain choices with regard to the following:

- Member contribution rate (point 6.1);
- Employer contribution rate (point 6.2);
- **Death benefits under the Provident Fund and Group Life Insurance:**
  - On your own life (point 9.2.1)
  - On your spouse’s life (point 9.2.2)
- **Family Insurance benefits (point 9.3);**
- **Tauma insurance (point 14);**
- **Investment portfolios (point 16 and Annexure A);** and
- **The nomination of beneficiaries (point 19)**

It is therefore important that you read the applicable paragraphs carefully and complete the enclosed forms.

2. **Proof of good health**

There is a lot of flexibility and you need to make a choice regarding the level of lump sum death and disability benefits that you require. Please see point 9 for full details. You will notice that you will qualify for these cover within certain limits without having to provide medical proof of good health.

However, should the cover that you opted for or that you qualify for by default (as explained at point 9) exceed the following limits (refer to as proof free limits) the underwriter will require medical proof of good health before you can qualify for the amount that exceeds the proof free limits mentioned below:

- **Death benefits payable by the Sanlam Staff Umbrella Provident Fund and Group Life Insurance (including the lump sum disability benefit)**
  
  Combined proof free limit = R1 000 000

- **Death benefit on your spouse’s life (optional)**
  
  R1 400 000
• **Monthly income disability benefit**
  
  R130 000 pm

  (Including the 8.56 % x TGP employer contributions to Provident Fund and member contributions of 6 % x TGP to Pension Fund – see point 13.1)

  **Please note:**
  The onus is on the member to provide all outstanding medical reports/information to the Human Resources Consultant or the Sanlam medical department. Until the medical examination report has been finalised and the results are in Sanlam’s possession the member’s benefits will be limited to the above proof free limits.

• **Trauma insurance**
  
  No proof of good health is required, but this benefit is limited to a maximum of R1 400 000.

3. **Operation of the SSUF**

The Sanlam Staff Umbrella Pension and Provident Funds are a defined contribution pension fund and a defined contribution provident fund respectively. The retirement benefits cannot be determined in advance and depend on the contributions to retirement benefits and the investment returns earned thereon.

Member contributions are a fixed percentage of Total Guaranteed Package (TGP) and are paid into the Pension Fund. Employer contributions are also a fixed percentage and the net contributions, refer point 6.3, are paid into the Provident Fund.

As a member, you carry the risk of any negative investment returns, but you also enjoy the benefit of any positive investment returns. **Your contribution period, chosen contribution rates and investment returns largely determine the size of your benefit. As a member of the SSUF, you have a choice of investment portfolios with different risk profiles. (See point 16.)**

4. **Remuneration basis**

Total Guaranteed Package (TGP) reflects the sum that your employer is prepared to pay in direct cost for your employment, excluding 13th cheque and any performance-related bonuses. Your TGP is made up of a cash component and a benefits component. The benefits component includes elements like contributions to the SSUF, medical aid and allowances such as travelling allowance, entertainment allowance, etc.

  **Please note:**
  The remuneration structure of certain occupational categories consists of a low TGP and a higher flexible component. The Board of Trustees, on request of the employer, may decide to increase the TGP of such employees with a factor for the purpose of calculating their death, disability and trauma benefits.

5. **Basis for calculation of benefits and contributions**

• SSUF Contributions (member and employer) are a % of Total Guaranteed Package (TGP).
• Disability income benefits are calculated as a % of TGP according to a sliding scale.
• Death, lump sum disability and trauma benefits are calculated as a multiple of Total Guaranteed Package (TGP).

6. **Member and Employer contributions**

Employees can choose the level of their member and employer contribution rates within certain limits. An increase to the contribution rates will be reflected as a decrease in the member’s take home pay.
6.1. **Member contribution to the Sanlam Staff Umbrella Pension Fund**

The default member contribution rate is set at 7.5% of TGP.

The default contribution rate is not compulsory and you may opt to make a lower member contribution.

Members can choose to adjust the member contribution rate in multiples of 0.5% subject to a minimum level of 4% and a maximum level of 7.5%. You should note that by choosing a lower member contribution rate you will increase your take home pay, **but you will pay more tax and save less for retirement**. This may have a significant, negative effect on your retirement benefit and your quality of life after retirement.

The allowable member contributions (as a percentage of TGP) are as follows:
- 4% (minimum member contribution rate),
- 4.5%;
- 5%;
- 5.5%;
- 6%;
- 6.5%;
- 7%;
- 7.5% (maximum member contribution and recommended default contribution rate).

**Please note:**
- Member contributions are paid into the Pension Fund.
- When salaries are reviewed members may increase or reduce their member contribution rate, subject to the member contribution rate to the Fund being at least 4% and not more than 7.5%.
- Reducing your member contribution to the Fund will have a negative impact on the amount you contribute towards retirement. All things being equal, this will result in you saving less money for your retirement and may have a negative effect on your financial situation at retirement.

6.2. **Employer contribution to the Sanlam Staff Umbrella Provident Fund**

The minimum employer contribution rate is 6% of TGP. The recommended default employer contribution rate is 10%.

Members can choose to increase the minimum employer contribution rate in multiples of 0.5% up to a maximum total employer contribution rate of 20%.

The allowable employer contribution rates (as percentage of TGP) are as follows:
- 6% (minimum employer contribution rate);
- 6.5%;
- 7%;
- 7.5%;
- 8%;
- 8.5%;
- 9%;
- 9.5%;
- 10% (recommended default employer contribution rate);
- 10.5%;
- 11%;
- 11.5%;
- 12%;
- 12.5%;
- 13%;
- 13.5%;
- 14%;
- 14.5%;
- 15%;
- 15.5%;
- 16%;
- 16.5%;
- 17%;
- 17.5%;
- 18%;
- 18.5%;
- 19%;
- 19.5% and 20% (maximum employer contribution rate).

**Please note:**
- The employer contributions are paid into the Provident Fund.
- When salaries are reviewed members may increase or reduce their employer contribution rate. However, the employer contribution rate is subject to a maximum of 20% and a minimum of 6%.

6.3. **Application of employer contribution**

The employer contribution is applied as follows:

- **Death benefits:** Currently on average 0.77% of TGP – for the default benefit. Refer point 9.1 for the formula to calculate the exact cost.
- **Retirement benefits:** Balance of employer contributions
6.4 Additional voluntary contributions (Pension Fund)

You may, subject to certain conditions, make additional voluntary member contributions over and above those mentioned at Point 6.1 to improve your benefits at retirement. (The option form is available on the Intranet.)

7. Retirement

7.1. Retirement age

Your normal retirement age is as contracted between you and your employer. Your normal retirement date is the last day of the month in which you reach your normal retirement age.

7.2. Early retirement

In terms of the rules of the SSUF you may retire up to 10 years before your normal retirement date. The employer’s permission is required should you wish to retire more than 5 years before your normal retirement date.

It is important that members obtain advice about the tax and other financial implications of early retirement, e.g. the taxability of lump sums payable by the Provident Fund before the age of 55 years.

7.3. Retirement benefit

- **Sanlam Staff Umbrella Pension Fund**
  
  Your full Fund Value which consists of your own contributions, plus the net investment returns earned thereon.

  A maximum of one-third of your Fund Value may be taken in cash.

  The balance must be used to purchase a pension of your choice.

  Please consult with your financial advisor regarding the taxability of benefits payable.

- **Sanlam Staff Umbrella Provident Fund**
  
  Your full Fund Value equal to the total net employer contributions in respect of retirement benefits plus the net investment returns earned thereon.

  You can choose to receive up to 100% of your Fund Value as a lump sum. That part of your Fund Value that you do not take as a lump sum can be converted to a pension of your choice.

  Please consult with your financial advisor regarding the taxability of the benefit payable.

*To summarise: The Provident Fund offers you the flexibility of cash, but also the opportunity to receive a pension if preferred.*

8. Benefit at termination of employment

- **Sanlam Staff Umbrella Pension Fund**

  Your full Fund Value to the date of termination of service comprising of the member contributions plus the actual net investment returns earned thereon is payable.

- **Sanlam Staff Umbrella Provident Fund**

  Your full Fund Value to the date of termination of service comprising of the employer contributions less the cost for death benefits (See point 6.3) plus the actual net investment returns earned thereon is payable.

  The termination of service benefit can be preserved in the SSUF, taken in cash or transferred to another approved fund.
9. **Death benefits before retirement**

**Commencement date of death cover:**

If the employee is on date of permanent appointment in the opinion of Sanlam incapable of performing his/her normal duties with the employer as a result of a bodily injury or sickness the death benefits only become applicable on the date that he/she is in the opinion of Sanlam capable of resuming his/her normal duties.

Death benefits are provided by the Pension and Provident Funds, Group Life and Family Insurance and are explained separately.

9.1. **Death benefits provided by the SSUF**

- **Sanlam Staff Umbrella Pension Fund**
  
  Your full Fund Value is payable.

- **Sanlam Staff Umbrella Provident Fund**
  
  Your full fund value is payable; **plus**
  a lump sum assured benefit (according to the option you exercised) calculated according to the following structure:

**Important note:** The ages refer to your current age and not the age at which you entered the Fund.

<table>
<thead>
<tr>
<th>Age band</th>
<th>Default cover Multiple of TGP</th>
<th>Maximum cover Multiple of TGP</th>
<th>Rate per R1 000 cover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Younger than 26 years</td>
<td>4</td>
<td>9</td>
<td>R0.161</td>
</tr>
<tr>
<td>26 – 30 years</td>
<td>6</td>
<td>10.5</td>
<td>R0.115</td>
</tr>
<tr>
<td>31 – 35 years</td>
<td>6</td>
<td>10</td>
<td>R0.115</td>
</tr>
<tr>
<td>36 – 40 years</td>
<td>5</td>
<td>8</td>
<td>R0.134</td>
</tr>
<tr>
<td>41 – 45 years</td>
<td>5</td>
<td>6.5</td>
<td>R0.134</td>
</tr>
<tr>
<td>46 – 50 years</td>
<td>4</td>
<td>6</td>
<td>R0.161</td>
</tr>
<tr>
<td>51 – 55 years</td>
<td>4</td>
<td>5</td>
<td>R0.161</td>
</tr>
<tr>
<td>56 years and older</td>
<td>3.5</td>
<td>5</td>
<td>R0.201</td>
</tr>
</tbody>
</table>

**Please note:**

- At inception, you qualify for the default assured death benefit of your age band but you have the option to increase or decrease your cover.

  You can increase your default cover by 1 x TGP without medical proof of good health. The new cover level may not be more than the maximum level of your age group. Any increase in excess of 1 x TGP will require proof of good health as specified by the underwriter. Also refer to point 2 for the proof free limits.

- Annually on 1 May, you will be given the option to increase or decrease your level of cover. The new cover level may not be more than the maximum level of your age group.

  Any increase will be subject to proof of good health.

- A member can increase his/her death cover by a multiple of 2 x TGP or up to the default cover level, whichever is the greater, within 3 months of the following events:
  
  - when he/she marries, and/or
  - when a child is born or legally adopted.
To qualify for the above option to increase cover, the member must submit his/her option form to the Fund within three (3) months of said event.

- In the case of members who are 55 years and older any option to increase cover will be subject to proof of good health.

- With respect to cover under the SSUF you may select a minimum of 0 x TGP, subject to your fund value being at least 1 x TGP or more.

If you choose a cover level less than the default assured death benefit, the saving in the cost of death benefits will be applied for your retirement benefits.

Formula for calculating the saving or extra cost for reducing or increasing your death cover:

\[
\text{Amount by which benefit is decreased/increased} \times \text{Rate} = \text{Saving / extra cost} \div 1000
\]

**Examples**

We consider a 37-year old member with a TGP of R120 000 who is entitled to a default cover level of 5 x TGP. We review a range of scenarios that are available to such a member.

**Important Note:** These are examples for a hypothetical member and should in no way be construed as advice. Each member has specific life cover needs. You are strongly advised to make any decision regarding your life cover with an accredited financial advisor.

**Example 1 – Member selects default life cover**

We assume that this member’s circumstances are such that the default cover level of 5 x TGP will satisfy the member’s cover requirements. In this case the benefit and cost of cover can be summarised as follows:

| Rate per R1 000 of cover under the SSUF | R0.134 |
| Default cover for age (5x TGP)          | R600 000 |
| Total monthly cost = R600 000 ÷ 1 000 x R0.134 | R80.40 |

**Example 2 – Member reduces cover from the default**

We assume that this member’s circumstances are such that a cover level of 4 x TGP will satisfy the member’s cover requirements. As a result, the member reduces the cover multiple from 5 to 4 x TGP. We quantify the new level of cover and the reduction in the cost of life cover, which will be added to the member’s monthly contribution for retirement savings:

| Rate per R1 000 of cover under the SSUF | R0.134 |
| Default cover for age (5 x TGP)          | R600 000 |
| Decreased cover selected (4 x TGP)       | R480 000 |
| Additional contribution for retirement benefits to the Sanlam Staff Umbrella Provident Fund due to decrease in cover (R600 000 – R480 000 = R120 000 ÷ 1 000 x R0.134) | R16.08 pm |
| Total cost for cover (R80.40 – R16.08)   | R64.32 pm |

The example above can be extended to members of any age with any level of decreased cover, to calculate any additional retirement contribution savings that will be redirected to the Sanlam Staff Umbrella Provident Fund.
Example 3 – Member increases cover from default

We assume that this member’s circumstances are such that a cover level of 8 x TGP will satisfy the member’s death cover requirements. As a result, the member increases the cover multiple from the default of 5 to 8 x TGP with the permission of the underwriter following proof of good health. The member would only be able to increase the cover to 6 x TGP (1 x TGP above the default) without proof of good health. We quantify the new level of cover and the increase in the cost of life cover, which will be deducted from the member’s monthly contribution to the Sanlam Staff Umbrella Provident Fund:

<table>
<thead>
<tr>
<th>Rate per R1 000 of cover under the SSUF</th>
<th>R0.134</th>
</tr>
</thead>
<tbody>
<tr>
<td>Default cover for age (5 x TGP)</td>
<td>R 600 000</td>
</tr>
<tr>
<td>Increased cover selected with proof of good health (8 x TGP)</td>
<td>R 960 000</td>
</tr>
<tr>
<td>Reduction in contribution for retirement savings to the Sanlam Staff Umbrella Provident Fund due to increase in cover R960 000 – R600 000 = R360 000 ÷ 1 000 x R0.134</td>
<td>R48.24</td>
</tr>
<tr>
<td>Total cost for cover (R80.40 + R48.24)</td>
<td>R128.64 pm</td>
</tr>
</tbody>
</table>

The example above can be extended to members of any age with any level of increased cover, to calculate any additional costs that will be deducted from the retirement saving contribution to the Sanlam Staff Umbrella Provident Fund.

9.2. Death benefits provided by the Group Life Insurance

9.2.1. On your own life

You have the option of up to 2 times annual TGP cover on your own life. The default level is two (2) times. A minimum cover level of 0.5 times annual TGP is compulsory.

You can reduce your cover on 1 May every year subject to a minimum cover level of 0.5 times TGP.

Important:
- If a member’s death benefit has been reduced, the lump sum disability cover (See point 13.2) is also reduced accordingly.
- Members who have less than 2 times TGP cover may increase their level of cover, without proof of good health, to a maximum of two (2) times annual TGP within 3 months of:
  - Marriage or registration of a de facto spouse
  - The birth or adoption of a child
- No proof of good health is required if the combined cover payable by the Sanlam Staff Umbrella Provident Fund and Group Life Insurance are less than the proof free limit (See point 2).

9.2.2. Cover on your spouse’s life (Optional)

Spouse’s cover is not compulsory.

Married members can at appointment choose up to one (1) times annual TGP cover on the life of their spouse. The maximum age of entry for spouses is 69 years. No proof of good health is required if cover is less than proof free limit. (See point 2).

Important: No benefit will be payable if the spouse dies within 12 months of joining this insurance.

Married members who have no spouse’s cover will annually on 1 May be granted the option to take out spouse’s cover. Proof of the spouse’s good health will then be a requirement.
In the case of cohabiting spouses, proof of your spouse’s good health at your own cost will always be a requirement.

9.2.3. Cost of cover under Group Life Insurance

The cost of the cover under this Insurance will be recovered as an after tax deduction from your salary and is currently:

- Death benefits on your own life : R0.235 per month per R1 000 cover
- Death benefit on your spouse’s life : R0.236 per month per R1 000 cover

9.3. Death Benefit provided by Family Insurance (Optional)

Membership of the Family Insurance is optional for new employees. All new permanent appointed employees have a once-off option to become a member of this insurance at appointment and need to select either Option 1 or Option 2. Should the member elect to insure parents, then he/she can also select the additional parent cover. (Please note the enclosed application form [Annexure C].)

Membership only ceases at:

- Resignation;
- Retirement; or
- Dissolution of the scheme

9.3.1. Benefits and Premiums

The benefits payable at death are:

<table>
<thead>
<tr>
<th>Family member on whom benefit is applicable</th>
<th>Option 1</th>
<th>Option 2</th>
<th>Additional parent cover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic benefit Principal member</td>
<td>R29 000</td>
<td>R58 000</td>
<td></td>
</tr>
<tr>
<td>Qualifying Spouse</td>
<td>R29 000</td>
<td>R58 000</td>
<td></td>
</tr>
<tr>
<td>Qualifying child aged 14 and over</td>
<td>R29 000</td>
<td>R58 000</td>
<td></td>
</tr>
<tr>
<td>Qualifying child aged 6 and over but younger than 14</td>
<td>R15 950</td>
<td>R30 000</td>
<td></td>
</tr>
<tr>
<td>Qualifying child younger than age 6 and/or still-born child</td>
<td>R10 000</td>
<td>R10 000</td>
<td></td>
</tr>
<tr>
<td>Additional spouses</td>
<td>R29 000</td>
<td>R58 000</td>
<td></td>
</tr>
<tr>
<td>Parents cover</td>
<td>R 7 500</td>
<td>R15 000</td>
<td>R10 000</td>
</tr>
</tbody>
</table>

9.3.2. Example of premium

An employee gets divorced and then gets married to another person. (Member prefers to keep ex-spouse on insurance)

<table>
<thead>
<tr>
<th>Employee and family (Basic benefit)</th>
<th>Option 1</th>
<th>Additional parent cover</th>
<th>Option 2</th>
<th>Additional parent cover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ex-spouse</td>
<td>R 8.75</td>
<td>-</td>
<td>R 17.50</td>
<td>-</td>
</tr>
<tr>
<td>2 Parents</td>
<td>R 4.00</td>
<td>R 8.00 per spouse</td>
<td>R 8.00</td>
<td></td>
</tr>
<tr>
<td>Sub-totals</td>
<td>R57.75</td>
<td>R80.00</td>
<td>R115.50</td>
<td>R80.00</td>
</tr>
<tr>
<td>Total premium per month</td>
<td>R137.75</td>
<td></td>
<td>R195.50</td>
<td></td>
</tr>
</tbody>
</table>
9.3.3. Addition of family members

You also have the option of adding the following family members to the insurance:

1. Legal parents and parents-in-law [maximum: four (4)]

The maximum age of entry for parents is 79 years. If your parents and/or parents-in-law are 80 years and older they cannot be added under the Family Insurance benefit.

Important: In the case of the death of a parent owing to natural causes within 6 months of joining the insurance, no benefit will be payable.

2. Additional spouses

This includes an employee’s ex-spouse in the case of divorce.

Important: In a case where additional spouses are added, no benefit will be payable if one of the additional spouses die within 6 months of joining the insurance.

This stipulation is not valid in the case of a divorced person who keeps his/her ex-spouse on the insurance.

9.3.4. Future additions

- The future addition of spouses and parents-in-law will be permitted only when an employee marries and provides Human Resources with a copy of the marriage certificate and the particulars of the parents-in-law, within 3 months after the wedding.

- If in the case of divorce the member prefers to keep the ex-spouse on the insurance, he/she must provide Human Resources with a copy of the divorce order within 3 months after the divorce.

9.3.5. Important conditions:

1. The basic benefit (refer point 9.3.1), is compulsory to be a member of the insurance. No discount can be given on the premium, for example in the case of an employee who is not married and/or has no children.

The number of children is unlimited, but the requirements of the following definition must be met to qualify for the benefit:

Qualifying child with reference to a member, means his/her child (including a legally adopted child, a stepchild and a posthumous child), provided that he/she is –

(a) unmarried and under the age of 21 years; or

(b) unmarried, under the age of 26 years and a full-time student at a public educational institution; or

(c) unable to support him/herself as a result of a physical or mental deficiency; with the exception of a stepchild who on the date of the member’s death was not dependent to any extent on the deceased for support.

2. The inclusion of additional family members is optional, and should you choose to join the Family Insurance Scheme you may add parents and spouses (to the insurance) according to your circumstances.

Once you added them to the insurance you cannot remove them.

3. The cover of your in-laws will cease on their death, the death of your spouse, your divorce or when your membership ceases, whatever happens first.

4. In the event that you become divorced, the cover on the life of your ex-spouse lapses, although you can apply to keep your ex-spouse on the insurance and pay a monthly premium for your ex-spouse.
5. If the principal member dies or becomes occupationally disabled before normal retirement age, the cover continues until normal retirement age, but no further premiums are payable.

10. **Death benefits after retirement**

It depends on the type of pension you choose at retirement.

11. **Continuation of death benefits under the Group Life and Family Insurance in case of retirement/retrenchment**

11.1 When you retire you have the option to continue with the death benefit under the Group Life and Family Insurance—

(a) for a period of 5 years; or

(b) up to the 31st of December nearest to your age of 65 years;

whichever occurs first.

11.2 If you are a member who enjoy spouses cover and retire, you may exercise the option to continue the death benefit on your spouse’s life as described in point 9.2.2 on the same basis as described in point 11.1 above until your spouse reach the age of 70 years.

11.3 If you are retrenched and have completed 15 years uninterrupted service with the employer you also qualify for the options in points 11.1 and 11.2.

12. **Conversion of death cover to Individual Insurance after termination of membership**

When you choose to exercise the option(s) in point 11, you may only exercise the following options, described in points 12.1 and 12.2 below, when you reach the date on which the benefits in point 11 lapse.

12.1. **On your own life (Cover under the SSUF and Group Life)**

If you retire or terminate your service before your normal retirement date, you have the option to effect individual life assurance with Sanlam up to a certain maximum amount (determine according to years of service) within 2 months of retirement or termination of service without having to submit proof of good health.

12.2. **On your spouse’s life (Group Life Insurance)**

If you retire, die or terminate your service before your normal retirement date, both you or your spouse have the option to effect individual life assurance with Sanlam up to a certain maximum amount (determine according to years of service) within 2 months of said event, without having to submit proof of good health.

13. **Disability benefits**

**Commencement date of disability cover**

- If the employee is on date of permanent appointment in the opinion of Sanlam incapable of performing his/her normal duties with the employer as a result of a bodily injury or sickness the disability benefits only become applicable on the date that he/she is in the opinion of Sanlam capable of resuming his/her normal duties.

- The disability benefit is not payable if the member becomes disabled within twelve months from commencement date due to an illness or bodily injury that directly or indirectly arises or is traceable to a condition the member experienced 6 months before commencement date.
13.1. Income benefit

In the event of disablement the IncomeCare Insurance provides an income benefit. If you become totally disabled and cannot engage in a suitable occupation, you will receive a tax free disability income equal to the following after the expiry of a 3-month waiting period:

**Principal benefit:**

- 75 % of the first R120 000 of annual TGP; plus
- 60 % of the next R360 000 of annual TGP; plus
- 50 % of the annual TGP in excess of R480 000; plus
- employer contributions of 8.56 % of your TGP will be paid to the Provident Fund; and
- member contributions of 6 % of your TGP will be paid to the Pension Fund.

**Top up benefit**

In the event of disabilities meeting certain criteria from which the underwriter assumes a high likelihood that you will not recover, a top-up disability benefit can be paid equal to 25 % of your monthly TGP less the member contribution of 6 %. (Maximum: R67 000 pm)

The principal and any top-up benefits remains payable until you recover, die or reach normal retirement date, whichever occurs first.

While you are disabled, you remain a member of the Pension and Provident Funds.

You also remain entitled to death benefits before retirement and these are based on your PEAR before disablement. When your income benefit ceases at the attainment of normal retirement age, ordinary retirement benefits are payable to you.

**Example:**

<table>
<thead>
<tr>
<th>Total Guaranteed Package (TGP)</th>
<th>R10 000 pm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit payable after a waiting period of 3 months:</td>
<td></td>
</tr>
<tr>
<td>- Basic disability income benefit of 75 % of TGP payable to the member; plus</td>
<td>R 7 500</td>
</tr>
<tr>
<td>- Member contribution of 6 % of TGP to Pension Fund (6 % x R10 000); plus</td>
<td>R 600</td>
</tr>
<tr>
<td>- Employer contribution of 8.56 % of TGP to Provident Fund (8.56 % x R10 000)</td>
<td>R 856</td>
</tr>
</tbody>
</table>

If the Top-up benefit is also approved as part of the disability claim, the following additional Top Up benefit will be payable after a waiting period of 3 months:

- Top-up benefit = 25 % of TGP – Member contribution (R2 500 – R600) (maximum R67 000) | R 1 900 |

Total disability income benefit payable in respect of this member is therefore (R7 500 + R600 + R856 + R1 900) | R10 856 pm |

**Cost of disability income cover**

The cost of this insurance will be recovered as an after tax deduction from your salary and is currently 0.885 % of your TGP.

**Conversion to individual insurance**

At termination of service before your normal retirement date, subject to certain conditions, you have the option to effect individual insurance with Sanlam up to a certain maximum amount, within 2 months of the termination of service, without having to submit proof of good health.
13.2. **Lump sum disability benefit**

In event of total and permanent disablement an amount equal to your death benefit under the Group Life Insurance will be paid to you six months after the claim for disability benefits has been admitted.

If your disablement occurs within the 5 years preceding your normal retirement date, the lump sum will be reduced pro rata.

**Please note:**

At termination of service no conversion option to individual insurance is available in respect of the lump sum disability benefit.

14. **Trauma Insurance**

Trauma insurance is a compulsory benefit and will pay a benefit when a member is diagnosed with one of the illnesses listed under point 14.4.

At appointment new employees have a once-off option between the Standard or Comprehensive trauma cover options.

14.1. **Who will be insured?**

Only you as principal member (employee) will be insured (not your spouse).

14.2. **Sum assured (cover)**

You will be covered for 0.5 x or 1 x Annual Total Guaranteed Package (TGP) up to a maximum of R1 400 000.

**Important:** A maximum of R4 000 000 applies in the insurance industry to all trauma insurance that may be paid on the life of one person.

14.3. **Pre-existing health conditions – Waiting period**

- A claim for a specific traumatic illness will not be paid if that traumatic illness occurred prior to the inception date of the trauma cover.

- A claim for a specific traumatic illness which occurred **within two years** of the inception date of the trauma cover will also not be paid if that traumatic illness was caused directly or indirectly by, or can be traced to, a physical injury that took place, or a health impairment of which the member was aware or experienced symptoms of or for which medical treatment was received prior to the inception date of the trauma cover.

**Examples:**

- A trauma claim for a heart attack or stroke with regard to a member using medication for high blood pressure or cholesterol, will not be rejected solely because he/she uses the medication.

- In case of a person with heart problems (e.g. angina) having a heart attack within 2 years, the claim will not be admitted.
14.4. Traumatic illnesses

Hereafter a comparative summary of the two options:

<table>
<thead>
<tr>
<th>Traumatic illnesses covered</th>
<th>Standard option</th>
<th>Comprehensive option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claim event</td>
<td>% of the cover amount paid</td>
<td>Claim event</td>
</tr>
<tr>
<td>o Chronic renal failure</td>
<td>100%</td>
<td>o Chronic renal failure</td>
</tr>
<tr>
<td>o Paraplegia</td>
<td>100%</td>
<td>o Paraplegia</td>
</tr>
<tr>
<td>o Myocardial infarction</td>
<td>100%</td>
<td>o Myocardial infarction</td>
</tr>
<tr>
<td>o Blindness (two eyes)</td>
<td>100%</td>
<td>o Blindness:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Two eyes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– One eye</td>
</tr>
<tr>
<td>o Organ transplant</td>
<td>100%</td>
<td>o Organ transplant</td>
</tr>
<tr>
<td>o Major burns</td>
<td>100%</td>
<td>o Major burns</td>
</tr>
<tr>
<td>o Stroke (Excluding a stroke resulting from external injuries)</td>
<td>100%</td>
<td>o Stroke (Excluding a stroke resulting from external injuries)</td>
</tr>
<tr>
<td>o Coronary artery bypass surgery (Excluding other procedures on the coronary vessels like percutaneous transluminal angioplasty or laser therapy)</td>
<td>100%</td>
<td>o Coronary artery bypass surgery (Excluding other procedures on the coronary vessels like percutaneous transluminal angioplasty or laser therapy)</td>
</tr>
<tr>
<td>o Deep coma (Excluding a coma which is artificially induced for purposes of ventilation)</td>
<td>100%</td>
<td>o Deep coma (Excluding a coma which is artificially induced for purposes of ventilation)</td>
</tr>
<tr>
<td>o Cancer Excluding …</td>
<td>100%</td>
<td>o Cancer Excluding …</td>
</tr>
<tr>
<td>– Carcinoma in situ, like carcinoma in situ of the cervix;</td>
<td></td>
<td>– Carcinoma in situ, like carcinoma in situ of the cervix;</td>
</tr>
<tr>
<td>– All skin cancers (except malignant melanomas with Clark level 2 or more depth invasion);</td>
<td></td>
<td>– All skin cancers (except malignant melanomas with Clark level 2 or more depth invasion);</td>
</tr>
<tr>
<td>– Early prostatic cancers, medically classified as TNM class T1(a) or T1(b) or equivalent; and</td>
<td></td>
<td>– Early prostatic cancers, medically classified as TNM class T1(a) or T1(b) or equivalent; and</td>
</tr>
<tr>
<td>– Kaposi sarcoma</td>
<td></td>
<td>– Kaposi sarcoma</td>
</tr>
<tr>
<td>o Aortic artery surgery (Excluding aortic surgery done on the branches of the aorta)</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>o Heart valve surgery</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Standard option</td>
<td>Comprehensive option</td>
<td></td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------</td>
<td>----------------------</td>
<td></td>
</tr>
<tr>
<td>o Chronic liver failure</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>(Excluding cirrhosis due to alcohol or substance abuse)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o End-stage lung disease</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>o Sero-positive rheumatoid arthritis</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>(Excluding joints in hands and feet)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Multiple sclerosis</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>o Parkinson's disease</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>o Alzheimer's disease</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>o Accidental HIV infection</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>o Motor neurone disease</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>o Muscular dystrophy</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>o Aplastic anaemia</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>o Cardiomyopathy:</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>− Any type of cardiomyopathy on optimal treatment with functional impairment to the degree of New York Heart Association (NYHA) class IV shortness of breath</td>
<td></td>
<td></td>
</tr>
<tr>
<td>− Any type of cardiomyopathy on optimal treatment with functional impairment to the degree of New York Heart Association (NYHA) class III shortness of breath, and 4 or less metabolic equivalents (METS) on a maximal effort test</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>o Benign brain tumour:</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>− A brain tumour with malignant behaviour that is inoperable or recurrent, or causes permanent neurological impairment, excluding cognitive impairment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard option</td>
<td>Comprehensive option</td>
<td></td>
</tr>
<tr>
<td>-----------------</td>
<td>----------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A brain tumour with malignant behaviour that is only partially removable, or that is treated with chemotherapy or radiotherapy</td>
<td>50%</td>
</tr>
<tr>
<td>o Loss of limb function due to medical causes:</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>o Permanent loss of more than 90% of the use of each of any two limb functions due to medical causes</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>o Permanent loss of more than 90% of the use of a limb function due to medical causes (Excluding loss of limb functions originating from bodily injury)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Hearing loss:</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>o Total and permanent hearing loss in two ears</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td>o Permanent binaural loss of hearing of 60% or more</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Pulmonary embolism</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>o Angioplasty</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>o Arrhythmia</td>
<td>25%</td>
<td></td>
</tr>
</tbody>
</table>

**Number of claim events**

Pays a benefit only once on the diagnosis of a traumatic illness.

It pays a benefit on the diagnosis of a traumatic illness. The benefit remains payable, even if a cover amount has been paid to an insured member owing to a traumatic illness, -

- in the event of a traumatic illness of which the cause, in Sanlam’s opinion, is totally unrelated to the traumatic illness for which a benefit has already been paid;
- in the case of ‘angioplasty’ and ‘arrhythmia’, provided that the claims with regard to ‘angioplasty’ is limited to two (2); and
- in the event of a traumatic illness involving any one organ, system or body part, or related group of organs, systems or body parts, which in Sanlam’s opinion is related to a traumatic illness, for which less than 100% has already been paid to the member. (Such benefit will be reduced by all the amounts that have already been paid in this regard.)
14.5. Cessation of cover

All cover ceases at the earliest of the following events:

- at death;
- at termination of employment,
- at retirement,
- age 65, or
- as soon as the benefit has been paid;

whichever happens first

14.6. Conversion to individual insurance and Continuation of cover

- Members have the option to effect an individual insurance policy with Sanlam up to a certain maximum amount within 2 months of termination of employment without having to submit proof of good health, on the condition that the member is younger than 65 years of age.

- Trauma cover is continued during disability if the disablement is the result of a cause other than a traumatic illness. No further premiums are paid after the date of disablement.

14.7. General

- A trauma claim is payable only if the member has survived the traumatic illness for at least 7 days. For example: No trauma benefit will be paid if a member dies within 7 days of a heart attack.

- Notice of a claim must be submitted in writing to Sanlam within 6 months of a traumatic illness having taken place.

- All costs with regard to provision of proof regarding the traumatic illness will be for the account of the member.

14.8. Premiums

The premiums for Trauma Insurance is calculated as follow:

**Example**

<table>
<thead>
<tr>
<th>Rate</th>
<th>Standard Cover R0.30 per R1 000</th>
<th>Comprehensive Cover R0.373 per R1 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Guaranteed Package (TGP)</td>
<td>R200 000</td>
<td>R200 000</td>
</tr>
<tr>
<td>Sum assured in respect of Trauma Insurance (1 x TGP)</td>
<td>R200 000</td>
<td>R200 000</td>
</tr>
<tr>
<td>Monthly premium = R0.30 / R0.373 x R200 000 / R 1 000</td>
<td>R60.00</td>
<td>R74.60</td>
</tr>
</tbody>
</table>

15. Is tax payable on benefits which I receive?

Lump sum benefits (death and disability) under the Group Life Insurance are not taxable.

A portion of lump sum benefits (death and retirement) under the SSUF can be taxable.

Pension payments and disability income payments are taxable in the same way as ordinary income.
16. How is members’ money invested?

16.1. Investment options

The SSUF are defined contribution funds, with the risk of good or poor investment returns being borne by the individual member. The investment returns on the contributions paid to the SSUF have a significant effect on the value of the retirement benefit.

Because the risk profile and needs of individual members may differ, the Board of Trustees provide you a choice of different investment portfolios. (Your contributions can be channelled to one or more of the portfolios in the ratio chosen by you.) See option form – Annexure B.

See Annexure A for a comparative summary of the available portfolios. Full details of these portfolios as well as an Investment Information Guide are available on the My Retirement Fund website at http://www.sanlam.co.za/campaigns/myretirementfund/Pages/default.aspx.

**IF A NEW MEMBER DOES NOT INDICATE HIS/HER CHOICE, HIS/HER CONTRIBUTIONS WILL BE INVESTED IN THE LIFE STAGE OPTION.**

16.2. Lifestage Option

The Lifestage investment strategy provides members with more than six (6) years to retirement with exposure to growth investment with the aim of accruing capital in a time period that can absorb the volatility inherent in the stock market.

Depending on the lifestage investor’s choice of retirement product the member will be exposed to the risk profile that is appropriate to the type of retirement investment they wish to purchase. These investments are done on the member’s behalf and therefore require little knowledge or maintenance by the member. The design of the Sanlam Lifestage Option offers you a choice of three different preservation portfolios to better match your fund value to your post retirement annuity choice. You are granted the opportunity to align your fund value to your post retirement annuity 6 years before retirement. The Sanlam Lifestage Preservation Portfolios targets the following annuities:

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Targeted Annuity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preservation: Capital Protection</td>
<td>a Guaranteed Annuity</td>
</tr>
<tr>
<td>Preservation: ILLA</td>
<td>an Investment-linked Living Annuity</td>
</tr>
<tr>
<td>Preservation Inflation Linked</td>
<td>an Inflation Linked Annuity</td>
</tr>
</tbody>
</table>

The underlying investments in the lifestage portfolios are reviewed regularly to optimise performance and each portfolio’s specific risk profile.

It is important to note that while the Lifestage Option has been selected by the trustees as the appropriate default portfolio it may not be suitable for all members. Like all other investment options, there are risks associated with the Lifestage Option. The SSUF trustees, the employer and its advisors cannot be held responsible for any loss, regardless of its nature, the results from the selection of any of the available investment options.

16.3. Change of Portfolio(s)

You will have the opportunity to change your choice of investment portfolio(s) with regard to your Fund Value, as well as your future contributions, at any stage.

The cost of changing the investment portfolios of your Fund Value will amount to R978 (VAT included). This charge will be recovered from your Fund Value. No cost will be levied for only changing the ratio in which your future monthly contributions are invested.
Important:

- Members are entitled to one free change of investment portfolios of their fund value per calendar year, thereafter the fee above per change instruction will apply.

- Your investment composition for the Sanlam Staff Umbrella Pension Fund and Sanlam Staff Provident Fund will always be the same.

17. How are the SSUF managed?

The SSUF are managed by a Board of Trustees. Members of the SSUF elect five trustees and the employer appoints five trustees. The nomination and election of member representatives takes place by means of a vote.

18. How are members informed of their benefits?

Proper communication with members regarding their fund benefits is very important.

- Members have access to their fund values via the Retirement Fund Web. The values are updated daily.

- Once a year each member will receive a manual benefit statement and annual report.

19. Nomination of beneficiaries for death benefits

The following information may help you when completing your nomination form:

In terms of the stipulations of the Pension Funds Act, if a member of the Funds dies, the Board of Trustees are responsible for the allocation and payment of death benefits. The allocation must be fair and take into account all the appropriate facts, which is why it is important that the wishes of the deceased are observed.

For this reason, it is necessary for a member to complete the nomination forms. However, nominations must be reviewed as a member's circumstances change.

The Act stipulates, among other things the following:

Death benefits do not form part of your estate after your death and consequently you cannot dispose of them in your will. The only way of indicating how these moneys should be allocated after your death is by completing a nomination form.

Although the Board of Trustees will take into account the wishes of the deceased as specified in a nomination form, they are not bound by them if there are other dependants as well, or where fairness necessitates another division.

The final allocations will be at the discretion of the Board of Trustees of the Funds. In terms of Section 37C of the Pension Funds Act, the Board of Trustees are compelled to make sure that death benefits are distributed to your dependants and/or nominees in a fair and equitable manner.

A person/persons who can be regarded as dependants, is/are:

- people for whom you are legally responsible for maintenance;

- those for whom you are not legally responsible, if the said person, in the opinion of the Board of Trustees, was in fact dependant on you for maintenance a the time of your death;

- is your spouse, including a party in a common law marriage in terms of black law and custom, or an association recognised as a marriage in terms of the tenets of an Asian religion;

- is your child, including a child born after your death, an adopted child or a child born out of wedlock;
• someone for whom you would have become legally responsible for maintenance if you had not died.

**Take the following into account when a beneficiary is appointed:**

If you die without a beneficiary being appointed:

• The Board will, at their discretion, pay the death benefit to your dependants.

  In most cases, your spouse and children who are regarded as dependants will benefit.

• If, within twelve months, the Board of Trustees are not aware of any dependants or cannot trace the dependants, the benefits are paid into the estate. The benefits are then taken into account for the calculation of executor’s fees.

If you appoint a beneficiary who is a dependant:

Because you best understand the needs of your family and dependants, the Board of Trustees places a lot of value to your nomination as a guideline for the decision on the allocation of the death benefit.

However, remember that circumstances can change after you completed the nomination forms and that the Board of Trustees could divide the death benefit in another way in the interest of your dependants.

If you appoint a beneficiary who is not a dependant:

• The said person will receive that portion of the death benefit which the Board of Trustees regards as fair.

• If there are no surviving dependants, the Board of Trustees will pay the death benefit to the beneficiary after twelve months or the said portion thereof as indicated by you, only to the extent to which the benefits exceed the outstanding debt against your estate, if the estate is insolvent.

**General**

You may nominate as many people as you like to receive a share of your death benefit. If there is insufficient space on the form, you may make a copy of it and fill in the particulars of the others on the copy. However, you must state clearly that the copy does not replace the other form, but is in addition to it.
## Annexure A: Investment portfolios

### MARKET-LINKED INVESTMENT PORTFOLIOS

<table>
<thead>
<tr>
<th>SIM AGGRESSIVE</th>
<th>SATRIX HIGH EQUITY</th>
<th>CORONATION MANAGED</th>
<th>SMM NUR BALANCED</th>
<th>ALLAN GRAY GLOBAL BALANCED</th>
<th>SIM MODERATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DESCRIPTION</strong></td>
<td>Market-linked Unique Portfolio (See note 1)</td>
<td>Market-linked Pooled Portfolio</td>
<td>Market-Linked Pooled Portfolio</td>
<td>Market-Linked Pooled Portfolio (See note 1)</td>
<td>Market-linked Unique Portfolio (See note 1)</td>
</tr>
<tr>
<td><strong>ASSET MANAGER(S)</strong></td>
<td>Sanlam Investment Management (SIM)</td>
<td>Sanlam Investment Management (SIM)</td>
<td>Coronation Fund Managers</td>
<td>Kagiso Islamic</td>
<td>Allan Gray Ltd</td>
</tr>
<tr>
<td><strong>RISK PROFILE</strong></td>
<td>Aggressive</td>
<td>Aggressive</td>
<td>Aggressive</td>
<td>Moderate</td>
<td>Moderately Aggressive</td>
</tr>
<tr>
<td><strong>ASSET MIX</strong></td>
<td>Equity : 59.0 %</td>
<td>Equity : 57.9</td>
<td>Equity : 49.0 %</td>
<td>Equity : 49.2 %</td>
<td>Equity : 48.0 %</td>
</tr>
<tr>
<td><strong>BREAKDOWN ON 30 JUNE 2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bonds : 14.0 %</td>
<td>Bonds : 13.7</td>
<td>Bonds : 19.2 %</td>
<td>Bonds : 10.6 %</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash : 3.0 %</td>
<td>Cash : 6.3</td>
<td>Cash : 14.7 %</td>
<td>Property : 1.9 %</td>
<td>Property : 6.8 %</td>
</tr>
<tr>
<td></td>
<td>International : 24.0 %</td>
<td>International : 22.1</td>
<td>Cash : 5.1 %</td>
<td>International : 23.4 %</td>
<td>Cash : 20.0 %</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>International : 22.2 %</td>
<td>International : 32.4 %</td>
<td>Bonds : 6.0 %</td>
</tr>
<tr>
<td><strong>INVESTMENT APPROACH</strong></td>
<td>This portfolio follows an aggressive approach, subject to certain risk parameters, in view of the highest possible proceeds. This approach, however, increases the risk of the portfolio as well as the volatility of returns.</td>
<td>This portfolio follows an aggressive approach, subject to certain risk parameters, in view of the highest possible proceeds. This approach, however, increases the risk of the portfolio as well as the volatility of returns.</td>
<td>This portfolio follows an aggressive approach, subject to certain risk parameters, in view of the highest possible proceeds. This approach, however, increases the risk of the portfolio as well as the volatility of returns.</td>
<td>The portfolio is Shari'ah compliant and aims to provide steady long-term returns and capital growth with moderate exposure to volatility in the short term. It aims to outperform its benchmark over rolling three-year periods. The manager selection will ensure that the overall portfolio is managed in accordance with the guidelines and standards as set from time to time by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). The portfolio managers will invest in a wide variety of domestic and international asset classes such as equity, sukuk and listed property and be mindful of avoiding interest or Riba.</td>
<td>The moderate investment approach that is followed for this portfolio should result in less volatile returns than SIM Aggressive portfolio.</td>
</tr>
</tbody>
</table>

**See Note 1:**

1. See note

---

**INVESTMENT APPROACH**

- **SIM AGGRESSIVE:** This portfolio follows an aggressive approach, subject to certain risk parameters, in view of the highest possible proceeds. This approach, however, increases the risk of the portfolio as well as the volatility of returns.

- **SATRIX HIGH EQUITY:** This portfolio follows an aggressive approach, subject to certain risk parameters, in view of the highest possible proceeds. This approach, however, increases the risk of the portfolio as well as the volatility of returns.

- **CORONATION MANAGED:** This portfolio follows an aggressive approach, subject to certain risk parameters, in view of the highest possible proceeds. This approach, however, increases the risk of the portfolio as well as the volatility of returns.

- **SMM NUR BALANCED:** The portfolio is Shari'ah compliant and aims to provide steady long-term returns and capital growth with moderate exposure to volatility in the short term. It aims to outperform its benchmark over rolling three-year periods. The manager selection will ensure that the overall portfolio is managed in accordance with the guidelines and standards as set from time to time by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). The portfolio managers will invest in a wide variety of domestic and international asset classes such as equity, sukuk and listed property and be mindful of avoiding interest or Riba.

- **ALLAN GRAY GLOBAL BALANCED:** This portfolio is actively managed with selected investments from all asset classes according to Allan Gray’s house view. Allan Gray invests where value is exceptional and risk low. The alternative strategy of this portfolio makes it an excellent choice for split funding.

- **SIM MODERATE:** The moderate investment approach that is followed for this portfolio should result in less volatile returns than SIM Aggressive portfolio.
### Investment Fees

**Tasks**

- 0.45% on local and foreign assets
- Additional: a performance linked fee equal to:
  - For every 1% out/under performance of the benchmark, the basic fee increase/decrease with 0.15% / 0.05%
- Maximum performance fee: 0.45%

**Tasks**

- 0.175% on local and foreign assets
- Additional: a performance linked fee equal to:
  - For every 1% out/under performance of the benchmark, the basic fee increase/decrease with 0.15% / 0.05%
- Maximum performance fee: 0.45%

**Tasks**

- Basic fee: 0.499%
- International assets:
  - Basic fee: 1.10%
  - Performance fee: 22.8% of the out performance of the benchmark over a rolling 3 years term (determined and levied every 6 months on 30 June and 31 December).

**Tasks**

- 0.40% on local and foreign assets
- Additional: a performance linked fee equal to:
  - For every 1% out/under performance of the benchmark, the basic fee increase/decrease with 0.15% / 0.05%
- Maximum performance fee: 0.45%

### Benchmark Returns as on 30 June 2018

<table>
<thead>
<tr>
<th>SIM AGGRESSIVE</th>
<th>SATRIX HIGH EQUITY</th>
<th>CORONATION MANAGED</th>
<th>SMM NUR BALANCED</th>
<th>ALLAN GRAY GLOBAL BALANCED</th>
<th>SIM MODERATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment fee - % per annum</td>
<td>Investment fee - % per annum</td>
<td>Investment fee - % per annum</td>
<td>Investment fee - % per annum</td>
<td>Total assets of fund in portfolio</td>
<td>Investment fee - % per annum</td>
</tr>
<tr>
<td>0.45% on local and foreign asset</td>
<td>0.175% on local and foreign assets</td>
<td>RSA Assets: Basic fee: 0.499%</td>
<td>Investment fee - % per annum</td>
<td>Investment fee - % per annum</td>
<td>0.40% on local and foreign assets</td>
</tr>
<tr>
<td>Plus: a performance linked fee equal to:</td>
<td></td>
<td>International Assets: Basic fee: 1.10%</td>
<td></td>
<td></td>
<td>Plus: a performance linked fee equal to:</td>
</tr>
<tr>
<td>For every 1% out/under performance of the benchmark, the basic fee increase/decrease with 0.15% / 0.05%</td>
<td></td>
<td>Plus: Performance fee: 22.8% of the out performance of the benchmark over a rolling 3 years term (determined and levied every 6 months on 30 June and 31 December).</td>
<td></td>
<td></td>
<td>For every 1% out/under performance of the benchmark, the basic fee increase/decrease with 0.15% / 0.05%</td>
</tr>
<tr>
<td>Maximum performance fee: 0.45%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Maximum performance fee: 0.45%</td>
</tr>
</tbody>
</table>

### Benchmark

- Equities: 53.5% SWIX
- Fixed Interest: 13.0% BEASSA Index
- Property: 5.0% SAPY Property Index
- Cash: 5.0% STeFI
- Int. Equities: 16.5% MSCI (Developed Markets) World Index
- Int. Fixed Interest: 7.0% Barclays Global Aggregate Index

### Investment Strategy

- **SIM AGGRESSIVE**
  - Equities: 53.5% SWIX
  - Fixed Interest: 13.0% BEASSA Index
  - Property: 5.0% SAPY Property Index
  - Cash: 5.0% STeFI
  - Int. Equities: 16.5% MSCI (Developed Markets) World Index
  - Int. Fixed Interest: 7.0% Barclays Global Aggregate Index

- **SIM MODERATE**
  - Equities: 36.0% SWIX
  - Fixed Interest: 18.5% BEASSA Index
  - Property: 10.0% SAPY Property Index
  - Cash: 10.0% STeFI
  - Int. Equities: 12.0% MSCI (Developed Markets) World Index
  - Int. Fixed Interest: 11.5% Barclays Global Aggregate Index

### Performance Measures

<table>
<thead>
<tr>
<th>BENCHMARK</th>
<th>1 year</th>
<th>3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returns</td>
<td>10.93%</td>
<td>7.24%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BENCHMARK</th>
<th>1 month</th>
<th>3 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returns</td>
<td>2.8%</td>
<td>3.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BENCHMARK</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returns</td>
<td>9.9%</td>
<td>6.9%</td>
<td>10.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BENCHMARK</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returns</td>
<td>7.8%</td>
<td>4.9%</td>
<td>9.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BENCHMARK</th>
<th>1 year</th>
<th>3 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returns</td>
<td>9.9%</td>
<td>7.06%</td>
</tr>
</tbody>
</table>

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HR: Remuneration and Benefits
<table>
<thead>
<tr>
<th></th>
<th>SIM AGGRESSIVE</th>
<th>SATRIX HIGH EQUITY</th>
<th>CORONATION MANAGED</th>
<th>SMM NUR BALANCED</th>
<th>ALLAN GRAY GLOBAL BALANCED</th>
<th>SIM MODERATE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PAST INVESTMENT RETURNS UP TO 30 JUNE 2018</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual rates</td>
<td>Calendar years</td>
<td>Annual rates</td>
<td>Calendar years</td>
<td>Annual rates</td>
<td>Calendar years</td>
<td>Annual rates</td>
</tr>
<tr>
<td>2017 : 12.90</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>See note 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Focus 2 portfolio was established on 1 April 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:

1. The SIM Aggressive was previously known as Focus 2 and the SIM Moderate portfolio as Focus 1. The mandates of these portfolios were adjusted as from 1 September 2011.
2. Allan Gray as Asset Managers are strong value investors and therefore they sometimes have an aggressive style in selecting shares. This may lead to volatile short term returns but also the possibility to increase returns over the long term. The Allan Gray Domestic Balanced portfolio was replaced with the Allan Gray Global Balanced portfolio on 1 June 2015.
3. The risk profile indicated here reflects the overall viewpoint of the various asset managers and does not necessarily correspond with that of the Board of Trustees.
## SMOOTH BONUS PORTFOLIOS

### SIM MODERATE ABSOLUTE FUND
- **Asset Manager(s):** Sanlam Investment Management (SIM)
- **Risk Profile:** Low to medium
- **Asset Mix Breakdown as on 30 June 2018**
  - **Equity:** 19.0%
  - **Bonds:** 8.8%
  - **Property:** 1.3%
  - **Cash:** 47.2%
  - **International:** 21.8%
  - **Other:** 1.9%
- **Investment Approach**
  - To achieve returns in excess of inflation (CPI) over any three-year period; and
  - Not earning a negative return during any rolling twelve-month period

### SIM STABLE BONUS
- **Risk Profile:** Cautious
- **Asset Mix Breakdown as on 30 June 2018**
  - **Equity:** 21.7%
  - **Bonds:** 23.5%
  - **Cash:** 5.9%
  - **Property:** 7.3%
  - **International:** 26.4%
  - **Credit:** 5.2%
- **Investment Approach**
  - Investors are protected against negative movements in the market by smoothing the returns of the portfolio.
  - A non-negative bonus is declared monthly in advance, which consists of a vesting and non-vesting component.

### SIM MONTHLY BONUS
- **Risk Profile:** Cautious
- **Asset Mix Breakdown as on 30 June 2018**
  - **Equity:** 21.8%
  - **Bonds:** 23.5%
  - **Cash:** 5.9%
  - **Property:** 7.3%
  - **International:** 26.4%
  - **Credit:** 5.2%
- **Investment Approach**
  - Investors are protected against negative movements in the market by smoothing the investments returns of the portfolio.
  - Fully vesting bonuses, which cannot be negative, are declared monthly in advance.

## CASH PORTFOLIO
### CASH PORTFOLIO
- **Risk Profile:** Conservative
- **Asset Mix Breakdown as on 30 June 2018**
  - **Cash and short term fixed interest:** 100%
- **Investment Approach**
  - The portfolio’s objective is to provide capital stability and high liquidity while offering competitive returns relative to bank deposits. It invests primarily in cash and money market instruments.

### INVESTMENT FEES
- **Investment fee - % per annum**
  - 0.45 % on local and foreign assets
- **Fee (VAT incl)**
  - 0.15 %
  - Fees are payable monthly and calculated on the daily market value.

### RESTRICTION ON TRANSFERS
- **Restriction on Transfers**
  - None
  - Transfers out of these portfolios once a year on fund anniversary (1 April of every year) are guaranteed to be partially at book value (provided 4 months written notice is given). At other times of the year transfers are at the lower of book and market value.

### BENCHMARK
- **Benchmark = CPI + 5 %**
- **Benchmark Returns as on 30 June 2018**
  - Target return: 1 year: 9.6%
  - 3 years: 10.3%
  - 5 years: 10.5%
  - CPI: 1 year: 4.38%
  - 3 years: 5.33%
  - 5 years: 5.43%
  - 10 years: 5.46%

### PAST INVESTMENT RETURNS
- **Past Investment Returns up to 30 June 2018**
  - **Annual Rates [%]**
    - 1 year: 8.7
    - 3 years: 8.7
    - 5 years: 10.2
    - 10 years: 10.8
  - **Calendar Years**
    - 2008: 0.4
    - 2010: 11.2
    - 2011: 10.8
    - 2012: 13.8
    - 2013: 16.8
    - 2014: 10.0
    - 2015: 11.9
    - 2016: 6.8
    - 2017: 9.4

  - **Annual Rates [%]**
    - 1 year: 8.30
    - 3 years: 8.63
    - 5 years: 12.02
    - 10 years: 11.02
  - **Calendar Years**
    - 2008: 8.90
    - 2010: 10.30
    - 2011: 10.10
    - 2012: 10.79
    - 2013: 19.14
    - 2014: 17.81
    - 2015: 12.14
    - 2016: 8.15
    - 2017: 7.59

  - **Annual Rates [%]**
    - 1 year: 7.71
    - 3 years: 8.12
    - 5 years: 11.19
    - 10 years: 9.99
  - **Calendar Years**
    - 2008: 7.10
    - 2010: 9.30
    - 2011: 9.10
    - 2012: 9.49
    - 2013: 16.46
    - 2014: 17.39
    - 2015: 11.73
    - 2016: 8.67
    - 2017: 7.59

### BENCHMARK RETURNS AS ON 30 JUNE 2018
- **Annual rates [%]**
  - 1 year: 8.2
  - 3 years: 8.1
  - 5 years: 7.4
  - 10 years: 7.9
- **Calendar years**
  - 2008: 12.8
  - 2010: 7.4
  - 2011: 6.1
  - 2012: 5.9
  - 2013: 5.7
  - 2015: 7.0
  - 2016: 8.2
  - 2017: 8.4

## Notes
- **Guaranteed Portfolio**
- **Sanlam Investment Management (SIM)**
- **Cash Portfolio**

## Additional Information
- **Sanlam Investment Management (SIM)**
- **Guaranteed Portfolio**
- **Cash Portfolio**

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**INVESTMENT FEES**

<table>
<thead>
<tr>
<th>Period</th>
<th>First RS 50m</th>
<th>Next RS 50m</th>
<th>Next RS 200m</th>
<th>Next RS 500m</th>
<th>Above RS 500m</th>
<th>Calculate on the total asset of the SSUF in this portfolio.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual investment fee % of Assets</strong></td>
<td>0.850 %</td>
<td>0.800 %</td>
<td>0.675 %</td>
<td>0.650 %</td>
<td>0.625 %</td>
<td>(See note 1)</td>
</tr>
</tbody>
</table>

**INVESTMENT APPROACH**

This is an aggressive portfolio displaying high levels of volatility over the short term. The portfolio aims to provide market-related capital growth to members who are more than six years from retirement and who need to grow their retirement savings.

The portfolio aims to provide capital protection. It invests in the Stable Bonus Portfolio, which provides investors with exposure to the financial markets while protecting them against adverse market movements. This is achieved by smoothing returns over time and offering capital protection on the net contributions invested together with the vested bonuses in case of benefit payments upon resignation, retirement, death or retrenchment. A bonus is declared monthly in advance, which consists of a vesting and non-vesting component. Bonuses cannot be negative.

The portfolio aims to provide members nearing retirement with the ability to buy a post-retirement income product that will grow in line with inflation after retirement. The investment portfolio may fluctuate when interest rates rise or fall, as it aims to match the price movements of inflation-linked annuities, rather than protect or maximise capital growth in the short term.

The portfolio aims to provide moderate market growth and is suitable for members who want to invest in an investment-linked living annuity at retirement.

**INVESTMENT FEES**

- **Annual investment fee % of Assets**
  - First RS 50m: 0.850 %
  - Next RS 50m: 0.800 %
  - Next RS 200m: 0.675 %
  - Next RS 500m: 0.650 %
  - Above RS 500m: 0.625 %
  - Calculate on the total asset of the SSUF in this portfolio.

- **Annual investment fees as % of Assets**
  - Calculated daily and recovered monthly: 1.325 %
  - The fee includes both guarantee premium and asset management fee.

- **Annual investment fees as % of Assets**
  - Calculated daily and recovered monthly: 0.70 %
  - (See note 1)

- **Annual investment fees as % of Assets**
  - Calculated daily and recovered monthly: 0.80 %
  - (See note 3)
<table>
<thead>
<tr>
<th>BENCHMARK</th>
<th>ACCUMULATION PORTFOLIO</th>
<th>CAPITAL PROTECTION PRESERVATION PORTFOLIO</th>
<th>INFLATION-LINKED PRESERVATION PORTFOLIO</th>
<th>ILLA PRESERVATION PORTFOLIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>55.0 %</td>
<td>SWIX</td>
<td>RSA Equities</td>
<td>SALI stands for Sanlam Asset Liability Index. In the same way the All Share Index (ALSI) tracks the change in value of the stocks on the Johannesburg Stock Exchange over time, so SALI tracks the change in the cost of purchasing an annuity. Real refers to inflation linked. Members, who want to maintain their standard of living in retirement, should consider buying an annuity that protects them against increases in the cost of living i.e. inflation. An inflation linked annuity is guaranteed to provide increases equal to inflation. The SALI Real has been developed by Sanlam to track the cost of purchasing an inflation linked annuity. As real interest rates move up (and down) and the cost of an inflation linked annuity decreases (or increases), so the index will change to reflect this change in cost.</td>
<td>35.0 %</td>
</tr>
<tr>
<td>10.0 %</td>
<td>ALBI</td>
<td>RSA Fixed Interest</td>
<td>20.0 %</td>
<td>ALBI</td>
</tr>
<tr>
<td>7.5 %</td>
<td>Listed Property</td>
<td>RSA Hedge Funds</td>
<td>7.0 %</td>
<td>STeFI</td>
</tr>
<tr>
<td>2.5 %</td>
<td>STeFI</td>
<td>RSA Inflation-linked Bonds</td>
<td>5.0 %</td>
<td>SA Property Index</td>
</tr>
<tr>
<td>15.0 %</td>
<td>MSCI (Developed Markets)</td>
<td>Foreign Equities</td>
<td>10.0 %</td>
<td>Barclays Global</td>
</tr>
<tr>
<td>5.0 %</td>
<td>Barclays Global</td>
<td>Foreign Fixed Interest</td>
<td>10.0 %</td>
<td>MSCI World</td>
</tr>
<tr>
<td>5.0 %</td>
<td>BESA ILB</td>
<td>Foreign Alternative Investments</td>
<td>5.0 %</td>
<td>Barclays Global</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cash</td>
<td>5.0 %</td>
<td>Barclays Global</td>
</tr>
<tr>
<td></td>
<td></td>
<td>RSA Property</td>
<td>5.0 %</td>
<td>BESA ILB</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BENCHMARK</th>
<th>CPI inflation</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>Since inception</th>
<th>1 year</th>
<th>3 years</th>
<th>5 years</th>
<th>Since inception</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 JUNE 2018</td>
<td></td>
<td>9.7 %</td>
<td>6.6 %</td>
<td>11.1 %</td>
<td>5.33 %</td>
<td>0.20 %</td>
<td>2.32 %</td>
<td>5.21 %</td>
<td>8.5 %</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PAST INVESTMENT RETURNS UP TO 30 JUNE 2018</th>
<th>Annual rates (%)</th>
<th>Calendar year</th>
<th>Annual rates (%)</th>
<th>Calendar year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual rates (%)</td>
<td>1 year</td>
<td>3 years</td>
<td>5 years</td>
<td>10 years</td>
</tr>
<tr>
<td>6.0 %</td>
<td>8.30</td>
<td>8.63</td>
<td>12.02</td>
<td>5.46 %</td>
</tr>
</tbody>
</table>

Notes:
1. Sanlam Multi Managers International continually monitors the asset managers for these portfolios, making any changes that they may find necessary. The Asset Managers as at 30 June 2018 are listed here. Fees are exclusive of performance fees. In addition to the investment fee mentioned above, Sanlam Multi Manager International may incentivise some of the underlying asset managers on a performance fee basis. The aim of the performance fee is to reward an asset manager for superior performance relative to a challenging benchmark. This may result in additional fees, but only when the underlying asset manager appointed by Sanlam Multi Manager International outperform their performance benchmark. No performance fee is payable to Sanlam Multi Manager International and the total value of performance fees in any calendar year is capped.