

**PENSION FUND
AND DISABILITY RESERVE FUND OF THE
UNIVERSITY OF THE FREE STATE**



**MANAGEMENT REPORT TO MEMBERS FOR THE
FINANCIAL YEAR ENDING 31 DECEMBER 2012**

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INTRODUCTION – PENSION FUND

Hierdie dokument is ook in Afrikaans beskikbaar en kan bekom word by die Hoofbeampte, George du Toit Gebou, Kamer 306 of tel (051) 401-3634

Everyone needs financial security, especially during their retirement years. The Pension Fund of the University of the Free State (the Fund) forms an important part of your overall retirement plan by providing you with financial benefits when you retire.

The Fund, however, does much more than that - it also provides you and your family with benefits if you leave the service of your employer before retirement, in addition to various other benefits to you and your family in the event of either your death or disability.

This report aims to keep you informed about the financial progress of your Fund, and tells you about changes regarding or affecting the Fund that have occurred during the financial year ending on 31 December 2012.

STATUS OF THE PENSION FUND

The Fund is both a defined benefit and a defined contribution fund. It provides benefits for members who retire, resign or in the event of their death. The Disability Reserve Fund of the UFS provides replacement income in the event of disablement. The Disability Reserve Fund is discussed later in the document.

In terms of the Pension Funds Act, the Fund is registered with the Financial Services Board (registration number 12/8/31370) and approved by the South African Revenue Services. The participating employers in the Fund are the University of the Free State and FARMOVS.

The registered office of the Fund is: George du Toit Building
University of the Free State
Nelson Mandela Drive
Bloemfontein
9301

MANAGEMENT OF THE FUND – PENSION FUND

The Fund is managed by a Management Board (the Board). According to the Pension Funds Act, at least 50% of the members of the Board must be elected by the members of the Fund. The Board, with the help of professional advisors, oversees the management of the Fund.

Q Who are the members of the Board?

EMPLOYER REPRESENTATIVES	MEMBER REPRESENTATIVES
Prof JV du Plessis	Mr PJG Coetzer
Mr LS Geyer	Mr CR Liebenberg
Prof NI Morgan	Mr A van der Bijl
	Prof T Verschoor

ALTERNATE EMPLOYER REPRESENTATIVES	ALTERNATE EMPLOYEE REPRESENTATIVES
Prof MJ Crous	Mr PJ du Plessis
Prof DJ de Waal	Mr RC Gouws
Mr J Crowther	Ms C Joubert
	Prof JAA Lazenby

PENSIONER REPRESENTATIVE	ALTERNATE PENSIONER REPRESENTATIVE
Prof LC Buys	Prof EG Boonstra

Q Who assists the Management Board?

ADMINISTRATOR	Absa Consultants and Actuaries P.O Box 12839 Brandhof 9324
ACTUARY	Mr Andreas Michael (Towers Watson Actuaries and Consultants)
INVESTMENT CONSULTANT	Mr Ant Lester, Towers Watson
PRINCIPAL OFFICER	Mr A van der Bijl
AUDITORS	PriceWaterhouseCoopers

STATISTICS – PENSION FUND

MEMBERSHIP

Changes in membership for the period 1 January 2012 to 31 December 2012 are:

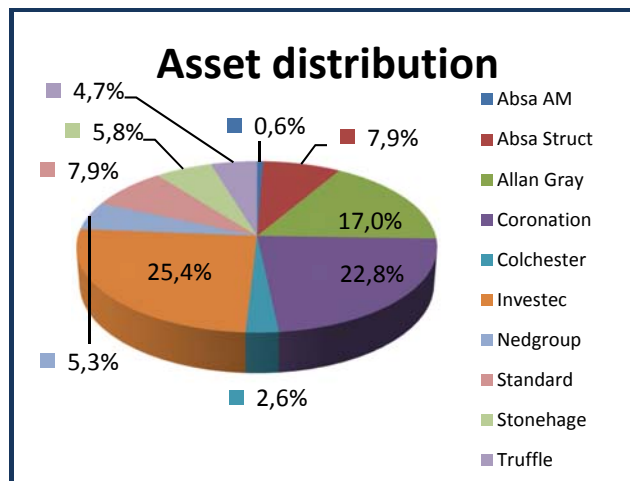
Members at the beginning of the period	1725
New members	168
Exits	39
Retirements	53
Deaths	3
Membership at the end of the period	1798

MARKET VALUE OF INVESTMENTS

The total market value of the Fund's investments increased from R1,738 million as at 31 December 2011 to R2,003 million as at 31 December 2012. These are as follows per investment manager:

Absa Asset Management	R11,474,918
Absa Structured deposits	R158,668,730
Allan Gray Life Ltd	R340,793,891
Coronation Asset Management	R456,242,498
Colchester Global Bond Fund	R52,723,141
Investec Asset Management	R508,099,404
Nedgroup Investments	R106,269,381
Standard Bank Structured deposits	R158,875,793
Stonehage Asset Managers	R115,290,765
Truffle	R106,269,381
Total market value of assets	R 2 002 618 640

DISTRIBUTION OF ASSETS



COSTS DEDUCTED FROM CONTRIBUTIONS

Certain costs are deducted from the total contributions to the Fund.

Member contribution	7.50%
Employer contribution	15.00%
Total contribution	22.50%
Operational fees (Audit fees, Administration fees etc.)	0.67%
Risk premiums*	2.17%
Total expenses	2.84%
Net contribution for retirement purposes	19.66%

* Disability insurance included 0.9%

INVESTMENTS – PENSION FUND

With the exception of members of options C and D who elected to invest their assets in the Stable or Money market portfolio, all the Fund's assets are invested in the long term portfolio which is managed by:

- Absa Asset Management
- Allan Gray Life Ltd.
- Colchester Global
- Coronation Asset Management
- Investec Asset Management
- Nedgroup Investments (Veritas)
- Standard Bank
- Stonehage Asset Management
- Northern Trust (Colchester)
- Truffle

The investment managers, manage the assets according to specialist mandates.

The assets of the Fund can be split into two sections, namely assets linked to the pensioners of the Fund and assets related to the active members of the Fund, who form part of options A, B, C or D.

Active Members

Options A and B

The market value of the portfolio amounted to R 699.2 million on 31 December 2012 and was divided in the following manner between the various asset classes and investment managers (in R million):

	South-Africa			International	
	Shares	Interest bearing	Cash	Shares	Bonds
Allan Gray	82.1		3.9		
Coronation	82.9	123.6	1.3		
Investec	81.1	103.8	11.6		
Truffle	45.5				
Contrarius				44.4	
Veritas				40.9	
Colchester					34.8
Orbis				43.3	
Total	291.6	227.4	16.8	128.6	34.8
Percentage	41.7%	32.5%	2.4%	18.4%	5.0%

R3.9 million invested in Allan Gray's Global Stable Fund and Coronation's Inflation Plus portfolios was reflected under the cash investment.

Since the implementation of the present investment strategy in October 2004, namely the utilisation of specialist investment managers and predetermined asset class parameters, the investment returns were as follows:

Period to 31 Dec 2012	Return	Inflation
1 year	17.2%	5.7%
3 years	13.0%	5.1%
5 years	10.1%	6.2%
7 years	13.2%	6.5%

Options C and D Long term investment choices

The market value of this portfolio amounted to R291.7 as at 31 December 2012 and was invested as follows in the following asset classes and asset managers:

	South-Africa			International	
	Shares	Interest Bearing	Cash	Shares	Bonds
Allan Gray	59.7	30.6	9.5	24.9	17.5
Coronation	60.2				
Investec	58.9				
Truffle	33.1				
Contrarius				24.3	
Colchester				22.9	
Orbis					
Veritas					
Total	211.9	80.7	9.5	72.1	17.5
Percent	54.1%	20.6%	2.4%	18.4%	4.5%

Since the implementation of the present investment strategy in October 2004 namely to make use of specialist asset managers as well as the division of assets between specific parameters within the asset classes, the returns were as follows:

Period to 31 Dec 2012	Return	Inflation
1 year	16.6%	5.7%
3 years	13.0%	5.1%
5 years	10.1%	6.2%
7 years	13.2%	6.5%

Pensioner portfolio

The pensioner portfolio which came to R716.3 million on 31 Dec 2012, is managed by the same investment managers, but according to a more conservative mandate compared to that of active members.

	South Africa			International	
	Shares	Interest Bearing	Cash	Shares	Bonds
Absa Bank	27.0	158.9			
Allan Gray					

Coronation	27.3	74.2	36.4		
Investec	26.7	60.4			
Truffle	15.0				
Standard Bank		158.7			
Contrarius				45.5	
Orbis				44.4	
Veritas				41.9	
Total	96.0	452.2	36.4	131.8	
Percent	13.4%	63.1%	5.1%	18.4%	

This investment portfolio has to attract at least 4.75% to maintain existing pensions. Investment growth exceeding 4.75% is utilised to award annual pension increases. Since the implementation of the present investment strategy during October 2004, the investment returns were as follows:

<u>Period to 31 Dec 2012</u>	<u>Returns</u>	<u>Inflation</u>
1 year	14.1%	5.7%
3 years	11.2%	5.1%
5 years	9.4%	6.2%
8.25 years	13.4%	6.1%

Returns on the pensioner portfolio determine the extent of pension increases.

Stable portfolio : Option D

This portfolio has been designed for members with an investment horizon of two to five years. Contributions are invested in Allan Gray's Stable portfolio and Coronation's Inflation Plus portfolio. The aim of this portfolio is to deliver returns of 3% in excess of inflation over any three year period. On 31 Dec 2012 the total investments in each of these portfolios amounted to R 54.3 and R 54.3 respectively.

This portfolio aims to attract investment growth exceeding inflation by 3% over three year periods.

Returns have been as follows:

<u>Period to 31 Dec. 2012</u>	<u>Allan Gray</u>	<u>Inflation</u>
1 year	10.0%	5.7%
3 years	9.4%	5.1%
5 years	9.8%	6.2%
7 years	11.7%	6.5%

Money Market portfolio

The aim of this portfolio is to deliver a fairly predictable investment return similar to that available from short-dated money market investments as well as to provide a very high degree of capital security. It is highly unlikely that this portfolio will deliver a negative return in any month. The investment objective is to deliver a return of 1% in excess of inflation over a period of twelve months.

This portfolio is managed by Investec Asset Management. Returns the past three years have been

<u>Period to 31 Des 2012</u>	<u>Returns</u>	<u>Inflation</u>
1 year	6.6%	5.7%
3 years	7.2%	5.1%
5 years	8.8%	6.2%
7 years	8.8%	6.6%

REVENUE ACCOUNT – PENSION FUND

The income and expenditure for the periods ending 31 December 2011 and 2012 are as follows:

	2011	2012
Income		
Contributions received	R 72,743,289	R 82,405,416
Members	R 24,515,680	R 27,775,320
Employers	R 48,227,609	R 54,630,096
Income from Investments	R 139,909,294	R 260,667,429
Reinsurance proceeds	R 8,467,028	R 2,164,344
Other income	R 0	R 59,371
	R 221,119,611	R 345,296,560
Less Expenditure		
Administrative costs	R 2,242,460	R 2,436,856
Re-insurance premiums	R 4,576,789	R 4,650,005
Total payments made	R 6,819,249	R 7,086,861
Net Income		
Accumulated funds at beginning of year	R 214,300,362	R 338,209,699
Less benefits withdrawn	R 1,613,748,946	R 1,722,014,236
Less transfer to reserve account	R 109,948,729	R 110,929,493
Transfers In	R 0.00	R 34,673
	R 3,913,659	R 4,558,459
Accumulated funds at year end	R 1,722,014,238	R 1,953,818,228

SUMMARY OF BENEFITS – PENSION FUND

Following is a short summary of the benefits the Fund offers. Please note that this is an abbreviated summary and that the rules of the Fund take precedence:

MEMBERSHIP

Q Who are members of the Fund?

All employees 16 years of age or older who are not members of the Provident Fund and have not yet reached retirement age, have to belong to the Fund.

CONTRIBUTIONS

Q Own contributions to the Fund?

Your contribution is 7.5% of your monthly pensionable salary. Your pensionable salary includes your basic salary, plus any pensionable allowances as well as your 13th cheque.

Q What does my employer contribute?

Your employer contributes 15% of your pensionable salary towards the Fund. This includes the cost of death and disability benefits and the administration of the Fund.

Q Can I make additional contributions?

You are allowed to make additional voluntary contributions. Up to R 1800 per annum can be deducted from your taxable income. You may however elect to contribute more than the tax deductible amount.

RETIREMENT

Q What is my normal retirement age?

60 years, unless your service contract stipulates that it is 65.

Q What will happen to my benefit in the Fund when I retire?

You have a number of options at retirement. You will be able to purchase guaranteed annuity from the Fund or from an insurer of your choice. Option B members as well as members belonging to Options C and D could consider purchasing a living annuity with a portion or the full gratuity / lump sum benefit from the Fund. This applies in the event that the amount is not too little.

Q Who can assist me in purchasing a pension?

A registered personal financial planner should be approached to assist you with all the decisions you will be faced with when deciding to purchase a pension.

Q Do I have to use my entire benefit amount to purchase this pension?

No, you may elect to take a portion of the benefit in cash, maximum one third or the gratuity amount in respect of Options A and B as determined by the rules of the Fund.

DEATH BEFORE RETIREMENT

Q If I were to die before I retire, what benefits will be payable?

Option A

The death benefit of a member with more than ten years of service is equal to a lump sum of 6.72% x your years of service x your average salary, plus five times the (annual) scale pension plus a pension payable to a qualifying spouse equal to 50% of the scale pension for which the member would have qualified at retirement.

Option B, C and D

The death benefit is equal to a lump sum benefit of two times your annual pensionable salary, plus a spouse's pension of 40% of your pensionable salary, plus a children's pension of 10% per child of your pensionable salary (maximum 3 children). The children's pension is payable to a maximum age of 18. If a child is however studying full time and is financially dependent the children's pension will be paid to age 26. Certain conditions apply and the Rules of the Fund should be consulted.

Q What happens if I have no spouse, but qualifying children?

The children's pension will double.

FUNERAL BENEFITS

Funeral benefits are payable, amongst others, when the member, the member's spouse or child dies. In case of an adult the amount is presently R20 000.

The University recently took over the management of the scheme.

WITHDRAWAL (RESIGNATION, DISMISSAL OR RETRENCHMENT)

Q When I withdraw from the Fund, what will I be entitled to?

The withdrawal benefit is calculated according to the membership category you belong to:

Option A, B, C and D

A benefit is determined by the Rules of the Fund or the minimum benefits as prescribed by the Pension Funds Act, whichever is the greatest.

Q What options do I have?

You may take your benefit in the Fund as a cash lump sum, or you may preserve it for retirement.

Q What are the tax implications if I choose to take the benefit as a cash lump sum?

A withdrawal benefit will be taxed according to the following table. The first R 22 500 of the benefit will be paid tax free. This is a once only deduction during your working life and this deduction will not be granted again if already used:

- The first R22 500 is tax free, once off during your lifetime
- From R 22 501 to R 600 000 : 18% tax will become payable
- From R 600 001 to R 900 000 : 27% tax will become payable
- Above R 900 000 : 36% tax will become payable

Q What vehicles can I transfer my benefit to if I wish to preserve?

You can transfer your benefit to one or a combination of the following vehicles:

- Retirement Annuity Fund
- Your new employer's retirement fund
- Pension Preservation Fund

Q May I withdraw cash from my Preservation Fund?

Yes, after the benefit has been transferred into the Preservation Fund you may make one withdrawal from the Preservation Fund, prior to your retirement. This will be taxed. This is a once-off withdrawal and no further withdrawal from the Preservation Fund will thereafter be allowed.

Please note that should any money be deducted from your benefit before transfer to a Preservation Fund, it will be considered as your once-off withdrawal.

DISABILITY

Benefits will become payable in terms of the Rules of the Disability Reserve Fund of the UFS. Details of such benefits are presented in the following section.

AMENDMENTS TO THE REGISTERED RULES OF THE FUND

The Rules were amended to provide for an employer surplus account as well as solvency reserve.

DISABILITY RESERVE FUND – MANAGEMENT OF THE FUND

The Fund is managed by a Management Board (the Board). The Board, with the help of professional advisors, oversees the management of the Fund.

Q Who are the members of the Board?

EMPLOYER REPRESENTATIVES	MEMBER REPRESENTATIVES
Prof JV du Plessis	Mr PJG Coetzer
Mr LS Geyer	Mr CR Liebenberg
Prof NI Morgan	Mr A van der Bijl
	Prof T Verschoor

ALTERNATE EMPLOYER REPRESENTATIVES	ALTERNATE EMPLOYEE REPRESENTATIVES
Prof MJ Crous	Mr PJ du Plessis
Prof DJ de Waal	Mr RC Gouws
Mr J Crowther	Ms C Joubert
	Prof JAA Lazenby

Q Who assists the Management Board?

ADMINISTRATOR	Absa Consultants and Actuaries P.O Box 12839 Brandhof 9324
ACTUARY	Mr Andreas Michael (Towers Watson Actuaries and Consultants)
INVESTMENT CONSULTANT	Mr Ant Lester, Towers Watson
PRINCIPAL OFFICER	Mr A van der Bijl
AUDITORS	PriceWaterhouseCoopers

DISABILITY RESERVE FUND – STATISTICS

MEMBERSHIP

Changes in membership for the period 1 January 2012 to 31 December 2012 are:

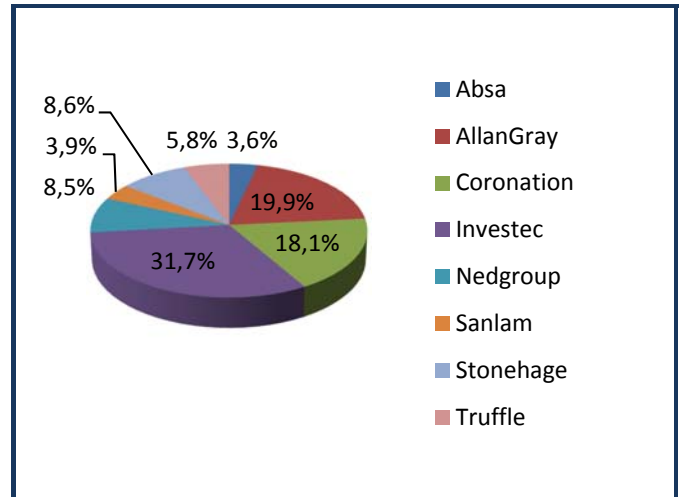
Membership at the beginning of the period	1150
Members older than 60	13
New members	141
Resignations	39
Transfer to disability benefits	0
Deceased	3
Retired	38
Membership at year end	1198

MARKET VALUE OF INVESTMENTS

The total market value of the Fund's investments decreased from R18.4 million as at 31 December 2011 to R18.38 million as at 31 December 2012. These are as follows per investment manager:

Asset Mangers:	
Absa Asset Management	R 653,367
Allan Gray Life Ltd.	R 3,637,693
Coronation Fund Managers	R 3,307,594
Investec Asset Managers	R 5,792,849
Nedgroup Investments	R 1,561,398
Sanlam	R 707,813
Stonehage Asset Managers	R 1,580,917
Truffle	R 1,053,978
Total	R 18,295,609

DISTRIBUTION OF ASSETS



DISABILITY RESERVE FUND – REVENUE ACCOUNT

The income and expenditure for the periods ending 31 December 2011 and 2012 are as follows:

	2011	2012
Income		
Contributions received		
Employer	-R 861,009	-R 847,870
Income from investments	R 1,282,194	R 2,624,547
Reinsurance recoveries	R 3,706,995	R 3,700,295
Total income received	R 4,128,180	R 5,476,972
Less expenses		
Administration costs	R 9,645	R 10,276
Premiums – Risk benefits	R 3,250,318	R 3,261,057
Total payments	R 3,259,963	R 3,271,333
Sub-total	R 868,217	R 2,205,639
Less benefits paid	R 2,797,233	R 2,796,344
Net Income	-R 1,929,016	-R 590,705
Accumulated funds at the beginning of the year	R 20,890,969	R 18,961,953
Accumulated funds at the end of the year	R 18,961,953	R 18,371,248

DISABILITY RESERVE FUND – SUMMARY OF BENEFITS

Following is a short summary of the benefits the Fund offers. Please note that this is an abbreviated summary and that the rules of the Fund take precedence:

MEMBERSHIP

Q Who are members of the Fund?

All employees 16 years of age or older who are members of the Pension Fund and have not yet reached retirement age (age 60), have to belong to the Fund.

WITHDRAWAL

Q When I retire what will I be entitled to?

No benefit is payable. The Fund only makes provision for disability benefits prior to attaining the retirement age.

DISABILITY

Should you become unable to perform your duties due to ill health you will become entitled to the following disability benefit:

A monthly pension equal to 82.5% of your pensionable salary calculated over the last 24 months prior to you becoming disabled. 7.5% of your salary prior to the commencement of the disablement will be applied to fund your contribution to the Pension Fund. The insurance company concerned will in addition to this also be responsible to pay the monthly contribution on behalf of the employer.

Q How is it determined if I will qualify for the income?

You will have to prove your disability through the submission of medical reports to the Management Board and insurer concerned.

Q How long after becoming disabled will I qualify for the disability income?

Payment of the disability income will commence six months after becoming disabled.

Q For which period will the disability income be paid?

The income will be paid until the earliest of:

- your death, or
- you attaining the normal retirement age (age 60), or
- you recovering to such an extent that you can be re-employed

Q Will the disability income ever increase?

Yes, the income will increase annually on 1 April with the lower of 6% or 75% of inflation.

Q Will I still enjoy other benefits if I am in receipt of a disability income?

Yes, your life-, funeral-, spouse's cover as well as your retirement benefits will be maintained. The insured benefits will increase annually where applicable.

AVAILABILITY OF DOCUMENTS

You may, at all reasonable times inspect the registered rules and audited financial statements of the Fund during office hours at the office of the Principal Officer, room 306, George du Toit building.

Q What are the costs involved?

Copies of such documents are available from the Fund upon payment of a fee of R 30,00 plus R 3,00 per page. Various documents are also available on the Fund's web page at: <http://www.ufs.ac.za>. Click on "Staff Intranet", then on "Finance (under support services)" then on "Retirement Funds".

PERSONAL FINANCIAL PLANNING

If you require more information on the following developments relating to retirement funds, please contact Absa Consultants and Actuaries on (051) 401-0650

2012/2013 BUDGET PROPOSALS

The 2012/2013 budget again recognised Government's commitment to the retirement fund reform process. The Minister of Finance has indicated that there will be consultation regarding all the retirement fund reform proposals with trade unions, the retirement fund industry and other interested parties in 2012.

RETIREMENT REFORM

The following points were discussed in the 2013/2014 Budget regarding retirement reform, but it must be noted that these proposals have not been finalised and comments were invited from the industry with a closing date of 31 May 2013 for written submissions.

Retirement fund contributions

From an effective date, on or after 2015:

- The tax treatment of contributions to pension, retirement annuity and provident funds will be harmonised, allowing provident fund members to also enjoy a tax deduction on their contributions. In other words the monthly tax deduction will be calculated after the contribution has been deducted from income and the take-home pay will increase.
- Employer contributions will constitute fringe benefits and will be taxed as such in the hands of employees.
- The deductibility of employer and employee contributions to pension, retirement annuity and provident funds will be limited to 27.5%.
- The 27.5% deduction will be based on the greater of a member's remuneration or taxable income (excluding retirement annuity or lump sum income).
- The cost of risk benefit premiums will be included in the 27.5% deduction.
- There will be an overall annual cap on deductible contributions of R350 000. This will only adversely influence a tax payer whose taxable income exceeds R1,272,727 p.a.

- Contributions in excess of the annual cap may be rolled over to future years.
- All non-deductible contributions will be set-off against lump sums or annuities at retirement.
- Specific provision must still be made for defined benefit funds and further consultation with the industry in this regard is necessary.

Provident funds

- Subject to prior public consultation, provident fund contributions made subsequent to the implementation date of the reform proposals will be subject to the same annuitisation requirements as pension funds, i.e. a maximum of one third may be taken in cash upon retirement.
- The vested rights of members of provident funds will be protected, and accrued benefits as at the implementation date as well as the growth on such accrued benefits will still be available as lump sum benefits subsequent to the implementation date. The amount of the equitable share as it was on the implementation take plus the investment returns on that amount until the date of retirement can still be taken in cash.
- Members of provident funds who are older than 55 on the date of implementation of the reform proposals will not be required to annuitise any of their accrued benefits at retirement, provided they remain in the same provident fund until they retire. They will still be able to take the full amount in cash.
- New employees will still be allowed to join and contribute to existing provident funds.

Compulsory preservation of retirement benefits

- Pension and provident funds will not be permitted to pay cash withdrawal benefits to any member who withdraws (resigns, services terminated) from the fund before retirement. Instead, all individuals must have their **entire** accrued benefits paid either into the default preservation fund or fund preservation section, or into their new employer's fund, or into a preservation fund they have chosen themselves.
- In respect of members of preservation funds on the effective date, the initial amount deposited by them on joining the preservation fund, will be deemed to be equal to the value of their preservation benefit on the effective date, and vested rights will apply to this amount if they have not used their single cash withdrawal yet. If they have already made use of their single cash withdrawal as at the effective date, vested rights will not apply
- Existing rules of preservation funds will be relaxed to allow one withdrawal per year, although the amount of each withdrawal will be limited to the greater of an amount equal to the old-age grant or 10% of the initial amount paid into the preservation fund, excluding any portion to which vested rights may apply. Unused withdrawals may be carried forward to the following year.
- The payment of pension benefits resulting from divorce order settlements must also be paid into preservation funds rather than being paid in cash to the former spouses of members.

Provision of annuities

- The amount allowed for the commutation of small annuities will be increased from R75 000 to R150 000. This means that if the value of one's provident fund benefit is less than

R150.001, the full amount can be taken in cash.

- Retirement funds will have to guide members through the process of converting their retirement savings into a regular income after retirement, identify default annuity products that meet appropriate principles and standards and automatically shift members into that default product when they retire, unless members request otherwise. Living annuities will be eligible for selection as such default products, provided that certain prescribed standards are met.
- Retirement funds will be encouraged to remove any bias in respect of members opting to retire later than the fund’s prescribed normal retirement age. (Something for employers to consider.)
- To increase competition, providers, other than registered life offices, will be allowed to provide living annuities.

Government’s main proposal is still to establish a mandatory statutory fund to provide pensions, life insurance and disability benefits. This proposed national social security fund will be based on the principle of social solidarity, which apparently means that risk will be shared across the workforce with Government backing the fund. The Minister indicated that a green paper in this regard will be released for comment shortly.

PAYMENT OF LUMP SUM DEATH BENEFITS

Upon your death, benefits will be paid to your dependants and/or your nominees and/or your estate.

Q What is the difference between a dependant and a nominee?

DEPENDANT	NOMINEE
Your partner, your child, or a person whose maintenance you are legally liable for or a person whose maintenance you were not legally liable for, but whom you were supporting or a person whose maintenance you would have become legally liable for, had you not died.	Any person, other than a dependant, that you nominate to receive benefits.

The Pension Funds Act and the rules of the Fund provide for lump sum benefits to be paid to:

- Any one or more of your dependants if you leave no nominees; or
- Any one or more of your dependants and nominees who are not dependants; or
- Any one or more of your nominees if you leave no dependants; or
- Your estate if you leave no dependants or nominees.

Q What is the role of the Management Board in determining the division of my death benefit amongst my dependants / nominees?

The Management Board must determine to whom and in what proportions benefits are to be paid. This is done after careful consideration of each case. The Management Board may also pay the lump sum into a trust for the benefit of a beneficiary. To assist the Board with this process it is important that your nomination of beneficiary form is as complete as possible and mentions the setting up of trusts for minor children, etc.

NOMINATION OF BENEFICIARY FORM

Q How will the Management Board know who I want to leave my benefits to?

The trustees will use your Nomination of Beneficiary Form as a guideline when distributing the benefits payable when you die.

It is very important that you complete a Nomination of Beneficiary Form, which is to be kept at your employer's Human Resources Department. Each time your personal circumstances change, e.g. marriage, divorce, birth or legal adoption of a child, death of a dependant or nominee, you should complete a new Nomination of Beneficiary Form. (You can submit this form in a sealed envelope that will only be opened on your death.)

YOUR WILL

Your will is a very important part of your retirement planning. It is important that you draw up a valid will, clearly stating your wishes regarding the division of your assets when you die. Your will should also be updated when your personal circumstances change.

Q Do my benefits in the Fund automatically form part of my estate?

No, they are not part of your estate, therefore any stipulations in your will regarding this, will not bind the Board.

Q How do I go about ensuring the financial security of my minor children or dependants or people incapable of managing their own affairs?

In such cases it is important that you form a trust in your will, this will ensure that their inheritance is protected. This type of trust is called a testamentary trust, and a trust company, such as Absa Trust, can be nominated to administer the trust.

Q I do not have a will as yet, who can I contact to set one up?

If you do not have a will or you would like to revise your current one, you can contact an attorney or Absa Trust on 011 480 5018.

ADDITIONAL PROVISION FOR RETIREMENT

Few members will at retirement have worked their entire work-life for the University. All too often on changing employer they will have used their accumulated retirement savings. Unfortunately when members retire after 10, 20 or even 30 year's service with the University their benefits will almost certainly not be enough to allow them to maintain the standard of living to which they were accustomed.

Members are therefore encouraged to make additional provision for their retirement. One can make additional monthly contributions to the Fund. The Administrator of the Fund also has a wide variety of products available that may suit your needs.

PENSION FUNDS ADJUDICATOR

You can contact the Pension Funds Adjudicator if you wish to lodge a complaint with regards to your Fund. The Adjudicator's rulings have the same legal effect as a civil judgement.

Q Where can I contact the Pension Funds Adjudicator?

The Pension Funds Adjudicator can be reached telephonically on 087 942 2700 or 011 783 4134 or alternatively via her web site at www.pfa.org.za. You may also fax your complaint to 087 942 2644 or post it to PO Box 651 826, Benmore, 2010.

Q What can I do if I am not satisfied with the Pension Funds Adjudicator's ruling?

Should you not be satisfied with the decision of the Pension Funds Adjudicator, you may, within six weeks, apply to the High Court for relief.

MORE INFORMATION

If you require more information about retirement fund matters, please contact Tertius Bester or the principal officer on 051 401 3634.

PERSONS TO CONTACT FOR ADVICE

The Administrator of the Fund can assist you in your retirement planning or you could consult your registered Personal Financial Adviser/ Planner. If you would like an appointment with the Fund's Administrator, please contact Tertius Bester on:

Tel : (051) 401-0650

Fax : (051) 401-0665

E-mail : tertiusb@absa.co.za

Physical address : Absa Regional Office
1st Floor
Cnr Henry and Donald Murray streets
Bloemfontein

CONTACT DETAILS OF ABSA CONSULTANTS AND ACTUARIES FAIS COMPLIANCE AND COMPLAINTS DEPARTMENT

Should you at any time not be satisfied with any FAIS-related advice and/or services rendered by Absa Consultants and Actuaries you may lodge a complaint with their Compliance / Complaints Department. Absa Consultants and Actuaries' *FAIS investigations, complaints policy and procedures* are available to you on request. Upon finalisation of the investigations to the complaint, the outcome thereof shall be communicated to you in writing. Should the outcome of the investigations not be to your satisfaction, you may, within six months of receiving the written advice, pursue the complaint with the office of the FAIS Ombud.

The details of the Absa Consultants and Actuaries Compliance and Complaints Department are as follows:

Postal Address:

Private Bag X43, Hatfield 0083

Physical Address:

Hatfield Gardens, Block A, Cnr Hilda and Arcadia Streets, Hatfield

Tel: (012) 431 3447

Fax: (012) 431 3375

GLOSSARY

Additional Voluntary Contribution	This is an additional contribution to your Fund to increase your retirement benefit
Administration Fees	These are fees that have to be paid to the administrators of the Fund, towards the costs of running the Fund
Average tax rate	This is your tax rate, based on your annual income over the last two years
Board of Trustees / Management Board	The body that manages the Fund
Conservative Portfolios	These are low-risk portfolios
Disability Benefit	An amount which will be paid in the event of you becoming disabled and not being fit to work
Employer Representative	Member of the Board of Trustees elected by the employer
Employer's Contribution	This is the contribution made towards your Fund by your employer
FAIS Act	Financial Advisory & Intermediary Services Act
Group Life Benefit	An amount which will be paid to your Dependants/Nominees in the event of your death
Guaranteed Portfolios	These portfolios guarantee your capital, regardless of the markets' performance
Market Linked Portfolios	These are portfolios linked to the stock exchange
Member Representative	Member of the Board of Trustees elected by the members themselves
Own Contribution	This is the contribution to the Fund, which is deducted from your pensionable salary on a monthly basis
Pensionable Salary	The portion of your salary used to determine your contributions to the Fund
Preservation Fund	This is a vehicle into which you can transfer your money saved in the Fund when you resign
Retirement Fund Tax	A tax payable by all retirement funds on their net rental and interest income
Section 14 Transfer	A transfer of members between two funds (these are active members and is not applicable where the member has exited the fund due to resignation or retirement)



**PENSION FUND OF THE UFS
NOMINATION OF BENEFICIARIES**

MEMBERSHIP DETAILS					
FULL NAME OF MEMBER					
PERSONNEL NUMBER					
IDENTITY NUMBER					
NOMINATION (SEE NOTES ON THE FOLLOWING PAGE)					
A. DEPENDANTS					
<i>(i) FINANCIAL DEPENDANTS</i>					
FULL NAMES	RELATIONSHIP	IDENTITY NR.	% OF BENEFIT	TELEPHONENR.	IN TRUST YES / NO
1.					
2.					
3.					
4.					
<i>(ii) FAMILY DEPENDANTS</i>					
1.					
2.					
3.					
4.					
B. NOMINEES					
1.					
2.					
3.					
<p>These nominations are done on the distinct understanding that:</p> <ul style="list-style-type: none"> ◆ it is not binding on the Trustees ◆ it can be cancelled or changed by me at any time; and ◆ if any nominated person should predecease me, the nomination of that person will be void and his/her estate or heirs will not be entitled to any claim to the benefit. 					
SIGNATURE	WITNESS	DATE			
<p>A trust may be established to provide for the needs of the minor dependants and nominees, for example, for maintenance, education, medical expenses, etc., and also where a member feels that the monies must be managed and protected for and on behalf of the nominated beneficiary eg. a minor child or children or where the surviving spouse needs assistance. Kindly complete a new form should your details change in the future.</p>					

A. DEPENDANTS

(i) FINANCIAL DEPENDANTS

- a person including the spouse and children of a member in respect of whom the member is legally liable for maintenance; and also
- a person in respect of whom the member is not legally liable for maintenance if such person was in fact upon the death of the member financially dependent on the member for maintenance.

(ii) FAMILY DEPENDANTS

- the self supporting children of a member.

B. NOMINEES

- a person, who is not a dependant, designated by a member to receive benefits upon the members' death.

THIS FORM MUST BE COMPLETED AND HANDED TO THE EMPLOYER FOR SAFEKEEPING IN YOUR PERSONNEL FILE.