



UNIVERSITY
OF
JOHANNESBURG

TRUSTEE REPORT

UNIVERSITY OF JOHANNESBURG
DEFINED BENEFIT PENSION FUND

DECEMBER 2016

UJ EXCELLENCE | CHOICE | ACCOUNTABILITY
Pension Funds

University of Johannesburg Defined Benefit Pension Fund Annual Board of Management Report as at 31 December 2016

Message from the Chairman

The Board of Management of the University of Johannesburg Defined Benefit Pension Fund is pleased to present this report to you, our valuable members of the Fund, for the period ending 31 December 2016. The aim of this report is to give you an overview of the management, activities and financial results of the Fund as well as general retirement fund information.

We would also like to take this opportunity to thank the Fund's appointed and elected Board of Management for being willing to take up this important task. Thank you for your commitment and valuable contribution to the management of the Fund.

In the current economy we're faced with many financial challenges, such as high inflation and high interest rates. These are causing the cost of living to rise and economists are warning us to spend with caution, as higher costs of living can negatively affect our ability to save. This is just one of the many reasons why you need to have a solid plan in place to secure your financial well-being, now and in the future. Your retirement fund is a saving for your future. Start saving more today.

One of the ways you can boost your personal savings is by opening a tax-free savings account (TFSA). Perhaps you have bonus money or cash back from the South African Revenue Service after the tax rebate season, and you may be wondering what to do with it. Have you considered opening a tax-free savings account?

National Treasury put legislation in place, which allowed for tax-free savings accounts to encourage South Africans to save more of their hard-earned cash. This type of account is suitable for anyone who has some extra money to put in a savings or investment product for the long term, where the interest earned will not be taxed. You are able to contribute a maximum of R33 000 per tax year, and a maximum of R500 000 during your lifetime completely tax free.

Speak to a financial adviser to find out more about opening a tax-free savings account. Make sure your financial adviser is accredited. Check their credentials on <http://www.fpi.co.za> or call the Financial Planning Institute of Southern African on +27 (0)11 470 6000 to find an adviser who can help you create, grow and protect your wealth and assets.

Mr. J van Schoor
Chairman

Fund Matters

Pension Increase Policy

Members in the following categories may choose to receive a pension directly from the Fund at retirement: Main rules, Annexure A, Annexure B and Annexure C.

With effect from 1 March 2007 the pension increase policy of the Fund is to aim to grant increases on 1 April each year equal to:

- 55% of inflation for ex-NTRF pensioners
- 65% of inflation for other pensioners

This is subject to affordability given the Fund's experience of pensioners relative to the valuation assumptions, including experience with the mortality of pensioners and investment returns.

The Fund aims to grant additional catch-up increases for pension increases to be:

- At least equal to 55% of inflation, subject to affordability, for ex-NTRF pensioners since 1 July 2008 or retirement date if later.
- At least equal to 65% of inflation, subject to affordability, for other pensioners since 1 January 2003 or retirement date if later.

Inflation is defined as the increase in the CPI inflation index over the preceding year. Pro rata increases will apply to pensioners who retired during the preceding year. The increase will be limited, in consultation with the valuator, such that the value of pensioner liabilities following an increase does not exceed the actuarial value of the assets held in the pensioner reserve account.

The reason for the differentiation between the ex- NTRF pensioners and the other pensioners is that the transfer value received from the National Tertiary Retirement Fund was based on a post-retirement interest rate which is higher than the post-retirement interest rate used in the Fund. The assets received therefore support lower expected increases over the long term.

Set out below is a summary of the increases granted by the Fund over the last number of years relative to inflation:

Effective date	Increase granted		Annual inflation
	Non-NTRF Pensioners	NTRF pensioners	
2012	4.00% (April 2012)	3.40% (March 2011)	6.10%
2013	5.70% (April 2013)	5.70% (April 2013)	5.68%
2014	5.40% (April 2014)	5.40% (April 2014)	5.40%
2014*	2.13% (April 2014)	2.75% (April 2014)	5.40%
2015	5.30% (April 2015)	5.30% (April 2015)	5.30%
2016	5.20% (April 2016)	5.20% (April 2016)	5.20%
2017	6.80% (April 2017)	6.80% (April 2017)	6.80%

**These increases relate to the minimum inflationary catch-up increases required every three years in terms of the Pension Funds Act.*

Who to contact?

Should you have any query related to your pension, including queries related to payment, pensioner card and the updating of your details, you are welcome to contact Alexander Forbes at:

Pension payment division / Client interaction centre:
 Tel: 0800 122 992 / 0800 112 157 / 011 269 0974
 Fax: 011 263 2120
 Email: PensionerQueries@forbes.co.za

Get instant access to your values

If you are an Annexure C or D Member, you can register for AF Online. With AF Online, you can enjoy real-time access to:



- Investment values
- Retirement fund values
- Alexander Forbes product benefit values
- Tools to help you secure your financial well-being

The Alexander Forbes App is FREE, and available for download on the Apple App Store and Google Play Store. Simply search for Alexander Forbes. You can also visit www.alexanderforbes.co.za and select Online Services to register for AF Online.

Benefit statements

Every year you receive a benefit statement detailing the contributions paid to the Fund on your behalf and the values of your withdrawal, death, disability and retirement benefits at the date of the statement. You can use this information to make sure you're on track for the retirement you want. These statements were e-mailed out to all members in April 2017. Please check your details carefully and use the contact details at the end of this report to report any errors.

Pension Fund Website

The Fund's website contains useful information and links regarding Fund benefits, investments and much more. The website address is <http://pension.uj.mobi/>

Communication Sessions

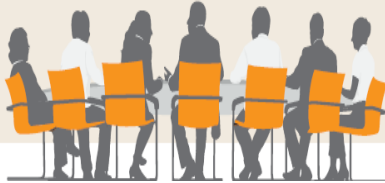
The Fund hosted various sessions for members including member education sessions, pre-retirement seminars, an AGM and sessions providing updates on Fund benefits and the performance of the Fund's investments. Video clips of some of these sessions as well as some previous years' sessions are available on the Fund's website.

Please contact the Principal Officer if you have any suggestions or comments regarding the communication sessions.

Your Board of Management

A Board of Management manages your retirement fund. Your employer chooses the Employer-appointed Trustees, while the members choose the Member-elected Trustees.

The Board of Management's duties include:



- take reasonable steps to make sure your interests in the Fund are always protected
- act with care, diligence and in good faith
- act with fairness towards all members and beneficiaries
- make sure you get the right information at the right time

The following Board of Management make up the Fund's Board:

Chairperson	Mr J van Schoor
Principal Officer	Ms E Vanrenen-Linford
Employer-appointed Trustees	Mr F Cooper Ms T Mketi Mr S Rossouw Mr J van Schoor
Member-elected Trustees	Prof HL Alberts (Term of office expired 12 June 2017) Dr S Nalla Prof J Sonnekus Prof A Swart

Professor HL Albert's term of office has subsequently expired and will be replaced by **(Evette please confirm)**.

The Rules of the Fund stipulate that the term of office for the Board of Management is five years. Elections are held as and when required to replace Member-elected Trustees whose terms of office has expired. Please participate by nominating and electing Member-elected Trustees when invited to do so by the Fund. These Member-elected Trustees represent you on the Board of Management of the Fund.

Your Fund's service providers

The Board of Management needs expert advice to make sure they are managing your retirement money in the best way possible. The following companies have been appointed by your Board of Management to help them manage your Fund:

Service	Provider	Function
Actuaries and Consultants	Alexander Forbes Financial Services	These are the mathematical and financial experts who perform the necessary calculations, such as benefit calculations, and who also make sure that your Fund is in a sound financial position. They also advise the Board of Management on the management of the Fund, including the investment strategy.
Administrators	Alexander Forbes Financial Services	The Fund's administrators handle all the day-to-day administrative duties of the Fund. They make sure contributions are received on time, benefits are paid out, new members are registered, and so on.
Auditors	PriceWaterhouseCoopers Inc.	The auditors examine the Fund's financial statements once a year to make sure the Fund's financial situation is above board and that the information reported in the financial statements is correct and accurate.
Bankers	Standard Bank	This is the bank where the Fund holds its accounts, from which, and into which, Fund money is paid.
Asset Managers	Coronation Allan Gray Investec Investment Solutions (now Alexander Forbes Investments) Old Mutual Oasis Kagiso	The asset managers invest your contributions in terms of the mandates given to them by the Board. These investments have to meet the requirements of Regulation 28 of the Pension Fund's Act and are closely monitored by the Board.

Membership Movement

The following tables show you the membership movements for the year under review:

Active members as at 1 January 2016	170
Less:	
<i>Withdrawals</i>	7
<i>Retirements</i>	8
Active members as at 31 December 2016	155

The number of active members has reduced by 8.8% from 170 on 1 January 2016 to 155 on 31 December 2016.

Pensioners as at 1 January 2016	269
New pensioners	10
Re-instatement of suspended pensioners	12
Less:	
<i>Deaths</i>	11
<i>Suspension of pensioners</i>	11
Pensioners as at 31 December 2016	269

The number of pensioners remained unchanged for the year ended 31 December 2016.

Financial Statements

The following are extracts from the audited financial statements for the period ended 31 December 2016:

Statement of Net Assets and Funds as at 31 December 2016:

	2016 R	2015 R
ASSETS		
Non-current assets		
Investments	1 571 994 502	1 554 271 693
Current assets		
Accounts receivable	7 563	7 500
Transfers receivable		
Contributions receivable	1 871 674	1 628 467
Cash at bank	9 691 649	5 223 470
Total Assets	<u>1 583 565 388</u>	<u>1 561 131 130</u>
FUNDS AND LIABILITIES		
Accumulated funds	878 943 730	852 268 635
Members' individual accounts	39 077 054	42 420 923
Amounts to be allocated	509 391	
Reserves	606 894 705	606 029 374
Total Funds and reserves	1 525 424 880	1 500 818 932
Non-current liabilities		
Employer surplus account	55 328 295	57 057 015
Unclaimed benefits	243 090	224 372
Current liabilities		
Benefits payable	567 312	481 420
Accounts payable	2 001 811	2 549 391
Total Funds and liabilities	<u>1 583 565 388</u>	<u>1 561 131 130</u>

Statement of Changes for Net Assets and Funds for the period ended 31 December 2016:

	Accumulated funds R	Surplus and reserves R	Total current period R	Total previous period R
Contributions received and accrued	16 305 343	255 176	16 560 519	17 457 313
Contributions transferred from surplus account	4 616 654		4 616 654	5 411 791
Reinsurance proceeds	509 391		509 391	
Net investment income	48 522 094	30 263 931	78 786 025	108 038 111
Net income before expenses	69 953 482	30 519 107	100 472 589	130 907 215
Less:				
Reinsurance premiums		255 176	255 176	269 025
Administration expenses	1 409 688		1 409 688	1 361 072
Net income before transfers and benefits	68 543 794	30 263 931	98 807 725	129 277 118

	Accumulated funds	Surplus and reserves	Total current period	Total previous period
	R	R	R	R
Transfers and benefits				
Transfers from other funds				4 610 148
Transfers to other funds				(9 094 075)
Benefits	(33 609 756)	(37 481 126)	(71 090 882)	(55 612 822)
Net income before funds and reserves	34 934 038	(7 217 195)	27 716 843	69 180 369
Funds and reserves				
Balance at beginning of period	894 789 558	606 029 374	1 500 818 932	1 440 386 533
Net investment return allocated				
Benefits payable current members	(204 009)		(204 009)	(229 435)
Unclaimed benefits	(18 952)		(18 952)	(39 345)
Transfers to other funds				(374 707)
Surplus and reserve accounts	(2 887 934)		(2 887 934)	(3 494 335)
Employers surplus apportionment				
	926 612 701	598 812 179	1 525 424 880	1 505 429 080
Transfer between reserve accounts and				
Accumulated funds	(8 082 526)	8 082 526		
Transfer from other funds				(4 610 148)
Balance at end of period	<u>918 530 175</u>	<u>606 894 705</u>	<u>1 525 424 880</u>	<u>1 500 818 932</u>

The Total Expense Ratio for the Fund over the year ending 31 December 2016 was 0.8602%.

Statutory Valuation Report

The valuation is done annually to report on the financial position of the Fund as well as to determine the adequacy of the employer contributions towards risk benefits and fund expenses. It further determines the funding level of the Fund. The funding level at 31 December 2014 was 126.3%.

Economic Commentary



The global situation

Global equities and bonds were up in 2016 relative to 2015, posting 8.2% and 1.6% respectively in United States Dollar terms. Global equities were favoured over global bonds despite unexpected political events in a tumultuous year, which could prove historically seminal given the surprise Brexit vote, Donald Trump's win in the US elections and ongoing populous expressions. According to conventional wisdom bonds should have outperformed equities amid these uncertainties, but equities outperformed bonds. Evidence of a transition from monetary stimulus to fiscal stimulus in developed markets may favour equity prices as a move from deflation to reflation appears likely for 2017.

Politics significantly affected both global and local markets in the first quarter of 2017. Global markets made a positive start to the quarter, supported by positive global economic data and Trump's pro-growth policies, but this momentum slowed in March as geopolitical events increased market uncertainty.



Our local outlook

Although local equities showed positive returns for the year, 2.6% in Rand terms, local bonds stole the show by outperforming equities by around 13%, which indicated that local defensive assets were preferred over aggressive assets in 2016.

Foreign sentiment against local equities was confirmed by the considerable foreign capital outflow from equity markets, a total of around R124.8 billion cumulatively for 2016, with the fourth quarter alone seeing R28 billion in outflows. Rand-hedged stocks dragged down equity returns, with the worst performing sectors being real estate, personal goods and healthcare equipment. Industrial metals, general mining and precious metals were among the best performing sectors for the year. Resources outpaced financials and industrials for the year by more than 28%, returning 34.2% in Rand terms, despite underperforming the latter two in December.

Credit downgrade: In the year 2016, South Africa avoided a credit downgrade by all three of the credit rating agencies. Political instability, low growth and unemployment were underlined as downgrade concerns by the credit agencies. South Africa's unemployment rate rose to 27.1% in the third quarter as inflation accelerated to 6.8% in December from November's 6.6%. In 2017, Standard & Poor's (one of the credit rating agencies) downgraded South Africa's foreign currency sovereign debt rating to sub-investment grade and Fitch downgraded South Africa's rand and foreign-denominated sovereign debt to sub-investment grade.

National budget: The focus of the 2017/2018 national budget was to raise R28 billion by increasing taxes. This has resulted in the tax burden increasing from 26% to 26.7% of gross domestic product (GDP).

Market performance

Global equities and global bonds returned single digit returns over the year ending 31 March 2017. Emerging market equities outperformed their developed counterparts over the first quarter of 2017.

Despite the local political turmoil, the JSE All Share Index provided low single digit returns for the quarter. The Rand's weakness at the end of the first quarter of 2017 boosted gains of the local rand hedge stocks, which make up a significant portion of the local index. Industrials was the best performing super sector, thanks to the outperformance of the rand hedge stocks in the index in March. Resources provided a positive return for the quarter as gold stocks rallied on the back of a stronger gold price. The return on financials was negative over the quarter as a result of the political turmoil and concerns over credit downgrades at the time.

Asset class returns for periods ended 31 March 2017:

Asset classes	Index	1 month	3 months	1 year	3 years*	5 years*
Local shares	FTSE/JSE All Share Index	2.70%	3.80%	2.50%	6.00%	12.50%
Listed properties	SA Property Index (SAPI)	0.10%	1.40%	1.50%	14.50%	15.80%
Local bonds	All Bond Index (ALBI)	0.40%	2.50%	11.00%	7.50%	7.40%
Inflation-linked bonds	Inflation-Linked Bond Index	-0.50%	0.90%	4.90%	6.70%	7.70%
Local cash	STeFI Overnight	0.60%	1.70%	7.00%	6.20%	5.70%
Global** shares	MSCI All Countries World Index	3.80%	5.00%	5.50%	14.60%	21.80%
Global bonds**	Citi WGBI	2.70%	-0.40%	-12.20%	7.10%	11.20%

* Annualised returns have been rescaled to a period of one year.

**The returns for the global asset classes have been converted from dollars to rands

Sources: INET BFA, DataStream, Bloomberg

Your Fund's investment performance

All the money in the Fund makes up the Fund's assets. To make the Fund's assets grow, your Board of Management appointed investment managers to invest the money. If markets perform well, the Fund's assets can earn good investment returns but if the markets perform poorly, the investment returns earned can be poor and you could lose money in the short term. However, remember that retirement saving is a long-term investment.

The following table gives you the net percentage return earned on your Fund's assets:

Invested in the following portfolios	1 year to 31 Dec 2016	3 years to 31 Dec 2016	5 years to 31 Dec 2016	Quarter to 31 March 2017
UJ Wealth Creation	1.7%	7.5%	12.0%	3.2%
<i>CPI+6%#</i>	12.8%	11.8%	11.7%	3.7%
UJ Wealth Preservation	4.0%	6.8%	9.4%	2.5%
<i>CPI+4.5%#</i>	11.3%	10.3%	10.2%	3.4%
UJ Capital Guarantee	7.6%	10.8%	11.6%	1.6%
<i>CPI+3.5%</i>	10.3%	9.3%	9.2%	3.1%
UJ Capital Protection	6.3%	6.4%	7.7%	2.0%
<i>CPI+4%#</i>	10.8%	9.8%	9.7%	3.2%
UJ Money Market	8.4%	7.2%	6.5%	2.0%
<i>CPI+1.5%</i>	8.3%	7.3%	7.2%	2.7%
UJ Trustee Portfolio	5.4%	8.0%	13.3%	2.8%
<i>CPI+5.5%#</i>	12.3%	11.3%	11.2%	3.6%

**Annualised returns*

#Benchmark changed from January 2017, long term returns are spliced with the previous benchmark.

Please note: The most recent returns for 31 March 2017 are provided to keep you abreast with the performance of the portfolios you are invested in. The "Fund return" after deducting all expenses, costs and fees for the period 1 January 2016 to 31 December 2016 for the overall Fund was 5.40%.

Legislative Changes

Retirement fund tax changes for 2017

- There have been no changes to the lump-sum tax tables for retirement and withdrawal benefits.
- The contribution deduction limits of 27.5% of remuneration or taxable income, capped at R350 000 remain unchanged.
- Currently on reaching normal retirement date in terms of the Rules of the Fund, members cannot transfer their retirement benefit to another approved fund. In 2014 tax changes allowed members to defer their retirement and leave their benefit in the Fund and only claim it when they need to. This happened through the change in the tax accrual principles, which confirmed that a retirement benefit only accrues to a member when the member makes an election to receive the benefit from the Fund.
- Employer contributions to retirement funds now constitute a fringe benefit for the employee. A formula is used to calculate the taxable fringe benefit for contributions to a retirement fund that has a defined benefit component.
- National Treasury has proposed that retirement benefits can be preserved after reaching normal retirement date by either:
 - deferral in the Fund by delaying the election which was allowed through the tax changes in 2014, or
 - electing to transfer the retirement interest to a retirement annuity fund.
- Transfers of benefits accumulated before 1 March 1998 out of public sector funds to private sector funds have always been tax exempt on the first transfer. It's proposed that the tax exempt status of the benefit accumulated before 1 March 1998 in a public sector fund will remain intact, no matter how many times the member transfers this benefit to another approved fund.

- The definition of pension and provident fund in the Income Tax Act currently has a 12-month period within which existing employees must join a new fund in which their employer participates. To encourage employees to contribute towards their retirement, the 12-month limit will be removed. It is unclear whether this will only apply to umbrella funds (as indicated in the budget) or whether this will be extended to all funds.

For more information, visit National Treasury's page on retirement reform: www.treasury.gov.za/publications/RetirementReform

Other Regulatory Developments

National Social Security Fund

At the end of last year, Government issued a discussion document on comprehensive social security, which set out their intention to establish a new comprehensive social security system in South Africa. The purpose of this document was to provide a basis of consultation going forward and was presented for discussion at Nedlac. It is expected that the consultations will take some time and that many changes to the initial proposal will be seen.

The main proposal is the establishment of a National Social Security Fund. This will be a compulsory retirement fund for all employees across all sectors of the economy. A phase in period will also be provided for once an agreement on the system is reached.

Update on the Protection of Personal Information Act (POPI)

POPI was enacted on 19 November 2013. This Act is aimed at ensuring that organisations manage the personal information they hold in a sensible way. Organisations must ensure that information is accurate and up-to-date and kept for only as long as it is needed for a specific purpose and it must be kept secure.

The Fund is also subject to this Act and the Principal Officer, Evette Vanrenen-Linford, has been appointed by the Board as the Fund's Information Officer to ensure that the Fund complies with this Act.

Default Investment Products, Default Preservation and Default Annuities

National Treasury has released draft regulations regarding the provision of default fund investment, preservation and annuities. These regulations prescribe the conditions which these policies have to meet. Feedback regarding these defaults will be provided to you as members of the Fund once the legislation and the Fund's policies have been finalised.

Rule Amendments

Retirement fund rules must be registered under the *Pension Funds Act* and approved under the *Income Tax Act*. Changes made to the Rules are called amendments and must be registered and approved by the Financial Services Board (FSB).

The following rule amendment was approved and registered during the period under review:

Rule amendment number 1

The main reasons for this rule amendment were:

1. To provide that due to changes in tax legislation, a Member who retires from service may leave his benefit in the Fund until such time as he makes an election with regard to payment of the benefit.
2. To clarify that if a Member becomes a deferred retiree, the benefit retained in the Fund will be determined on a defined contribution basis.

The current Rules of the Fund are available on the Fund's website. You can also view the Rules by appointment at the Fund's registered address which is:

Pensions Office
University of Johannesburg
Auckland Park Kingsway Campus
Cnr University and Kingsway Avenue
Auckland Park

If you have any questions, comments or suggestions about the Fund, your benefits, investments or any other Fund-related issues, please contact one of your Board of Management or your Principal Officer.



The Fund's Principal Officer is Ms Evette Vanrenen-Linford. You can email all of your questions to evettevl@uj.ac.za or call her on 011 559 4898.

The UJ HR representative dealing with pension Fund matters is Ms Maggie Langedyk. You are welcome to email her magteldl@uj.ac.za or contact her on 011 559 3643.



You can also contact Alexander Forbes' dedicated UJ call centre line. The number is 0860 042 837.

Fund name	University of Johannesburg Defined Benefit Pension Fund
Registered address	University of Johannesburg Auckland Park Kingsway Campus Cnr University and Kingsway Avenue Auckland Park
Financial Services Board registration number	12/8/30806

The Board of Management of the Fund aim to make sure members are confident in the Fund and its service providers. According to the Fund's complaints policy, a written complaint should be lodged with the office of the Principal Officer. You will be notified of the receipt of your complaint within 72 hours. The steps taken on your complaint as well as the expected date of resolution of your complaint will be made known to you. The final outcome of the complaint will be advised four weeks from the date the complaint has been lodged.

If, however, you are not satisfied with the outcome, you can lodge a complaint with:

Pension Funds Adjudicator
Telephone: 087 942 2700
Fax: 087 942 2644
Email: enquiries-jhb@pfa.org.za

FAIS Ombud
Telephone: 012 470 9080
Fax: 012 348 3447
Email: info@faisombud

All complaints from the office of the Pension Funds Adjudicator will be referred to the Fund's consultant or Alexander Forbes Legal Department.

The Board confirms that they are satisfied with the Fund's current service providers. The levels of services rendered are regularly reviewed in terms of the service level agreements and mandates signed by the Board and the service providers.

If there are any conflicts between the information in this Board of Management' report and the official Rules of the Fund, the Rules of the Fund will always apply.

Personal Financial Planning

Death Benefits

In terms of section 37C of the Pension Fund's Act, the Board has to perform a full investigation into the circumstances relating to a member's dependants at the time of his / her death.

This benefit does not form part of the deceased member's estate.

It is the duty of the Board to determine who the death benefit should be paid to, how much should be paid to each beneficiary and how the benefit should be paid to them. In order for the Board to make these decisions and to complete their investigation as soon as possible, the Board of Management request that you complete a Nomination of Beneficiary form in as much detail as possible.

The Act determines that the benefit can be paid to:

- Factual, Legal and Financial dependants of the deceased
- Nominated beneficiaries who were not dependant on the deceased
- The deceased's estate should no dependants be located and if no nominees were nominated.

Dependant	Nominee
A member's spouse, child (adopted and biological irrespective of age) and any other person for whose maintenance the member was liable or would have become liable for. Or any other person the member was financially maintaining.	Any person the member nominates to receive benefits.

Should you require any assistance in completing or update your beneficiary form, please contact the Principal Officer.

Provision for Retirement

In your benefit statement, a projected retirement benefit value was included. This projection gives you an indication of what level of income you could expect at retirement. When looking at these figures it is also important to note that you will have to provide for your own medical aid after retirement. Although many other expenses reduce as we age, medical costs could significantly increase over time.

To ensure that you have sufficient pension income to provide for increased medical costs you could:

- Make additional voluntary contributions to the Fund
- Make contributions to a Retirement Annuity
- Make use of discretionary savings such as a tax-free savings account

Please discuss your options with your financial advisor.

Financial Advice

The *Financial Advisory and Intermediary Services (FAIS) Act* came into effect in 2004. The *FAIS Act* gives you protection against poor advice, and will help prevent scam operators selling you a bogus "financial" product.

In terms of the Act, anyone and any institution selling a financial product or giving you financial advice for a fee or commission must, in dealing with you, meet certain minimum requirements; behave honourably, professionally and with due diligence; provide you with appropriate advice and be subject to disciplinary procedures if they do not adhere to the *FAIS Act*.

The legislation, however, does not mean that people with ill-intent will not try to con you. You still have an obligation to protect yourself, and to make sure the person or institution giving you advice or selling you a financial product is properly licensed and behaves according to the law.

Questions to ask your financial planner and broker:

- Are you registered with the Financial Services Board as a Financial Services Provider (FSP)?
- Do you have indemnity insurance?
- Which company's products are you licensed to sell?
- What are your qualifications?
- Will you do a financial analysis for me?
- Will you provide me with my risk profile?
- How will you be paid and how much? What other incentives do you receive?
- How often will I see you?

It is strongly advised that you discuss the various options available to you upon withdrawal with your financial planner. If you do not have a financial planner, you are welcome to visit the Financial Planning Institute's website, www.fpi.co.za for a list of accredited financial planners in your area.

You may also contact Marlise Kotze, a certified financial planner (CFP) from Alexander Forbes, who has been assigned to the university's Funds. Her email address is kotzema@aforges.co.za. She is not remunerated by the Fund and earns commission.

The Board of Management specifically records that it remains the sole responsibility of each member to seek professional advice and any advice or communication between an adviser, planner, broker and member remains a personal matter for the member.

DISCLAIMER: Please note that while every care has been taken in compiling this report, any dispute regarding the interpretation of conditions will be settled in accordance with the official Rules of the Fund, provisions of the *Pension Funds Act* and the relevant policies of insurance.

Alexander Forbes Communications 10506-2015-07

