



# TRUSTEE REPORT

UNIVERSITY OF JOHANNESBURG  
DEFINED BENEFIT PENSION FUND

DECEMBER 2017



**UJ** EXCELLENCE | CHOICE | ACCOUNTABILITY  
Pension Funds

**University of Johannesburg Defined Benefit Pension Fund  
Annual Board of Trustees Report as at 31 December 2017**

**Message from the Chairperson**

The Board of Trustees 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 2017. 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 Trustees for being willing to take up this important task. Thank you for your commitment and valuable contribution to the management of the Fund.

Your retirement may seem far away, but planning for it takes patience and determination. It can sneak up on you before you know it and you need to be prepared for the costs that come with it. Not only will living costs have risen drastically by the time you retire – they will keep rising every year once you're no longer receiving a monthly salary. This is just one of the many reasons that you need to have a solid plan in place to secure your financial well-being, now and in the future.

It's important to take the time to learn more about what benefits the Fund offers, and regularly check how much you're going to get as a pension when you retire, so that you can change your plan as required to secure your long-term financial goals.

Your retirement fund is here to help you save for your future years, and so it's a good idea to speak to one of your Trustees or to a financial adviser at least once a year to help you ensure a comfortable retirement. 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.

Prof JC Sonnekus  
Chairperson

**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%            |
| 2018           | 4.70% (April 2018)  | 4.70% (April 2018) | 4.70%            |

\*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@aforbes.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](http://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 2018. 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 Trustees

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



**The Board of Trustees' 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 Trustees make up the Fund's Board as at 1 January 2018:

|                                    |  |
|------------------------------------|--|
| <b>Chairperson</b>                 | Prof J Sonnekus  |
| <b>Principal Officer</b>           | Ms E Vanrenen-Linford  |
| <b>Employer-appointed Trustees</b> | Mr F Cooper<br>Ms T Mketi<br>Mr S Rossouw<br>Ms N Mamorare       |
| <b>Member-elected Trustees</b>     | Prof M Muller<br>Prof S Nalla<br>Prof J Sonnekus<br>Prof A Swart |

Prof Muller was elected as Member Trustee, following the expiration of Prof HL Albert's term of office.

The Rules of the Fund stipulate that the term of office for the Board of Trustees 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 Trustees of the Fund.

## Your Fund's service providers

The Board of Trustees 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 Trustees 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 Trustees 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<br>Allan Gray<br>Investec<br>Investment Solutions (now Alexander Forbes Investments)<br>Old Mutual<br>Oasis<br>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:

|  |            |
|--|------------|
| <b>Active members as at 1 January 2017</b>   | <b>155</b> |
| <b>Less:</b>                                 |            |
| <i>Withdrawals</i>                           | 2          |
| <i>Deaths</i>                                | 2          |
| <i>Retirements</i>                           | 22         |
| <i>Transfers to other funds</i>              | 1          |
| <b>Active members as at 31 December 2017</b> | <b>128</b> |

The number of active members has reduced by 17.4% from 155 on 1 January 2017 to 128 on 31 December 2017.

|  |            |
|--|------------|
| <b>Pensioners as at 1 January 2017</b>             | <b>269</b> |
| New pensioners                                     | 16         |
| Re-instatement of suspended pensioners             | 6          |
| <b>Less:</b>                                       |            |
| <i>Deaths</i>                                      | 12         |
| <i>Settled in full – child no longer qualified</i> | 1          |
| <i>Suspension of pensioners</i>                    | 10         |
| <b>Pensioners as at 31 December 2017</b>           | <b>268</b> |

## Financial Statements

The following are extracts from the audited financial statements for the period ended 31 December 2017:

### Statement of Net Assets and Funds as at 31 December 2017:

|                                    | 2017<br>R                   | 2016<br>R                   |
|------------------------------------|-----------------------------|-----------------------------|
| <b>ASSETS</b>                      |                             |                             |
| <b>Non-current assets</b>          |                             |                             |
| Investments                        | 1 637 998 290               | 1 571 994 502               |
| <b>Current assets</b>              |                             |                             |
| Accounts receivable                | 9 438                       | 7 563                       |
| Contributions receivable           | 1 591 327                   | 1 871 674                   |
| Cash at bank                       | 26 281 324                  | 9 691 649                   |
| <b>Total Assets</b>                | <b><u>1 665 880 379</u></b> | <b><u>1 583 565 388</u></b> |
| <b>FUNDS AND LIABILITIES</b>       |                             |                             |
| Accumulated funds                  | 863 036 730                 | 878 943 730                 |
| Members' individual accounts       | 37 792 919                  | 39 077 054                  |
| Amounts to be allocated            | 509 391                     | 509 391                     |
| <b>Reserves</b>                    | 684 404 670                 | 606 894 705                 |
| <b>Total Funds and reserves</b>    | <b><u>1 585 743 710</u></b> | <b><u>1 525 424 880</u></b> |
| <b>Non-current liabilities</b>     |                             |                             |
| Employer surplus account           | 63 295 749                  | 55 328 295                  |
| Unclaimed benefits                 |                             | 243 090                     |
| <b>Current liabilities</b>         |                             |                             |
| Benefits payable                   | 14 781 622                  | 567 312                     |
| Accounts payable                   | 2 059 298                   | 2 001 811                   |
| <b>Total Funds and liabilities</b> | <b><u>1 665 880 379</u></b> | <b><u>1 583 565 388</u></b> |

### Statement of Changes for Net Assets and Funds for the period ended 31 December 2017:

|   | Accumulated<br>funds<br>R | Surplus and<br>reserves<br>R | Total current<br>period<br>R | Total previous<br>period<br>R |
|---|---------------------------|------------------------------|------------------------------|-------------------------------|
| Contributions received and accrued              | 14 168 093                | 223 004                      | 14 391 097                   | 16 560 519                    |
| Contributions transferred from surplus account  | 2 308 903                 |                              | 2 308 903                    | 4 616 654                     |
| Reinsurance proceeds                            |                           |                              |                              | 509 391                       |
| Net investment income                           | 116 176 874               | 75 287 597                   | 191 464 471                  | 78 786 025                    |
| <b>Net income before expenses</b>               | <b>132 653 870</b>        | <b>75 510 601</b>            | <b>209 164 471</b>           | <b>100 472 589</b>            |
| Less:   |                           |                              |                              |                               |
| Reinsurance premiums                            |                           | 223 004                      | 223 004                      | 255 176                       |
| Administration expenses                         | 1 500 045                 |                              | 1 500 045                    | 1 409 688                     |
| <b>Net income before transfers and benefits</b> | <b>131 153 825</b>        | <b>75 287 597</b>            | <b>206 441 422</b>           | <b>98 807 725</b>             |

|  | <b>Accumulated funds</b>  | <b>Surplus and reserves</b> | <b>Total current period</b> | <b>Total previous period</b> |
|--|---------------------------|-----------------------------|-----------------------------|------------------------------|
|  | <b>R</b>                  | <b>R</b>                    | <b>R</b>                    | <b>R</b>                     |
| <b>Transfers and benefits</b>                |                           |                             |                             |                              |
| Transfers to other funds                     | (945 950)                 |                             | (945 950)                   |                              |
| Benefits                                     | (89 269 604)              | (45 166 228)                | (134 435 832)               | (71 090 882)                 |
| <b>Net income before funds and reserves</b>  | <b>40 938 271</b>         | <b>30 121 369</b>           | <b>71 059 640</b>           | <b>27 716 843</b>            |
| <b>Funds and reserves</b>                    |                           |                             |                             |                              |
| Balance at beginning of period               | 918 530 175               | 606 894 705                 | 1 525 424 880               | 1 500 818 932                |
| <b>Net investment return allocated</b>       |                           |                             |                             |                              |
| Benefits payable current members             | (384 604)                 |                             | (384 604)                   | (204 009)                    |
| Unclaimed benefits                           | (1 366)                   |                             | (1366)                      | (18 952)                     |
| Transfers to other funds                     | (78 483)                  |                             | (78 483)                    |                              |
| Surplus and reserve accounts                 | (7 294 694)               |                             | (7 294 694)                 | (2 887 934)                  |
| Employers surplus apportionment              | (2 981 663)               |                             | (2 981 663)                 |                              |
|  | <b>948 727 636</b>        | <b>637 016 074</b>          | <b>1 585 743 710</b>        | <b>1 525 424 880</b>         |
| <b>Transfer between reserve accounts and</b> |                           |                             |                             |                              |
| Accumulated funds                            | (47 388 596)              | 47 388 596                  |                             |                              |
| <b>Balance at end of period</b>              | <b><u>901 339 040</u></b> | <b><u>684 404 670</u></b>   | <b><u>1 585 743 710</u></b> | <b><u>1 525 424 880</u></b>  |

### 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 2016 was 129.5%.

### Economic Commentary



#### The global situation

In the **first quarter of 2017** the US Federal Reserve hiked interest rates by 0.25% on the back of an improved outlook for growth and inflation. The oil price retreated (-6.5%) as an increase in the number of active US oil rigs and continuing build-up in US inventories countered the production cut which was in effect by OPEC to slow down supply. The UK formally started the Brexit process when Prime Minister Theresa May triggered Article 50 in March to begin the two-year exit process from the EU. Investor sentiment around China improved as economic data exceeded market expectations and the Chinese equity market had their best first quarter in over ten years. The European Central Bank (ECB) elected not to make any changes to interest rates and to its stimulus programme.

In the **second quarter of 2017** global markets experienced positive returns and lower volatility over the quarter. Reduced political risk in Europe, increased global economic activity and overall positive economic data out of the larger developed countries provided the support for the mild global recovery seen over the quarter.

In the **third quarter of 2017**, President Donald Trump proposed the biggest tax overhaul in the United States in three decades, calling for tax cuts for most Americans. He has been criticised that this move was only good for business and the rich and that it could add trillions of dollars to the trade deficit (where more was imported than exported). Regulators in the United States and Europe imposed \$342 billion of fines on banks since 2009 for misconduct, including making 'dirty' money appear 'clean'. Some of the 'dirty' money dated back to the action of banks that caused the 2008 financial crisis.



## Our local outlook

In the **first quarter of 2017** S&P 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. The focus of the 2017/2018 national budget was to raise R28 billion by increasing taxes. This resulted in the tax burden increasing from 26% to 26.7% of gross domestic product (GDP).

In the **second quarter of 2017** for two quarters in a row, the country's GDP growth contracted, which meant South Africa was technically in a recession. Growth projections for the next three years were cut by the South African Reserve Bank (SARB), with 1% expected in 2017, down from 1.2%. In June, Moody's downgraded South Africa's sovereign credit rating with a negative outlook to one notch above sub-investment grade status, while S&P Global and Fitch reaffirmed South Africa's rating at sub-investment grade status. The SARB kept interest rates unchanged at 7%. Inflation was expected to average around 5.7% for 2017 and 5.4% for 2018, suggesting the increased likelihood of an interest rate cut

In the **third quarter of 2017** the rand gained value against the US dollar in the first half of September but since 12 September, it weakened again. South Africa exported more than it imported so that it had a trade surplus of R5.94 billion in August, more than double the forecast. The rand benefited from this position. The increase in petrol prices impacted negatively on the disposable incomes of South Africans. The petrol price shock, combined with rand weakness against the US dollar, created financial market worry that the falling consumer price index (CPI) inflation cycle might be over. But inflation trends also suggested much lower CPI growth for the coming months.

## Market performance

Asset class returns for periods ended 31 December 2017:

| Asset classes          | Index                          | 1 month | 3 months | 1 year | 3 years* | 5 years* |
|------------------------|--------------------------------|---------|----------|--------|----------|----------|
| Local shares           | FTSE/JSE All Share Index       | -0.3%   | 7.4%     | 21.0%  | 9.3%     | 11.9%    |
| Listed properties      | SA Property Index (SAPI)       | 4.2%    | 8.3%     | 17.2%  | 11.7%    | 13.9%    |
| Local bonds            | All Bond Index (ALBI)          | 5.7%    | 2.2%     | 10.2%  | 6.9%     | 6.3%     |
| Inflation-linked bonds | Inflation-Linked Bond Index    | 5.8%    | 1.5%     | 2.9%   | 4.3%     | 4.9%     |
| Local cash             | STeFI Overnight                | 0.6%    | 1.7%     | 6.9%   | 6.5%     | 5.9%     |
| Global** shares        | MSCI All Countries World Index | -7.8%   | -3.5%    | 12.0%  | 12.2%    | 20.1%    |
| Global bonds**         | Citi WGBI                      | -9.1%   | -7.8%    | -3.4%  | 3.9%     | 7.9%     |

\* 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 Trustees 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 2017 | 3 years to 31 Dec 2017 | 5 years to 31 Dec 2017 | Quarter to 31 March 2018 |
|--------------------------------------|-----------------------|------------------------|------------------------|--------------------------|
| UJ Wealth Creation                   | 11.0%                 | 8.0%                   | 10.8%                  | -2.7%                    |
| CPI+6%#                              | 10.7%                 | 11.6%                  | 11.5%                  | 2.8%                     |
| UJ Wealth Preservation               | 10.1%                 | 7.0%                   | 8.6%                   | -1.2%                    |
| CPI+4.5%#                            | 9.2%                  | 10.1%                  | 10.0%                  | 2.5%                     |
| UJ Capital Guarantee                 | 7.9%                  | 8.7%                   | 11.0%                  | 2.3%                     |
| CPI+3.5%                             | 8.2%                  | 9.1%                   | 9.0%                   | 2.3%                     |
| UJ Capital Protection                | 9.3%                  | 6.4%                   | 7.1%                   | -0.2%                    |
| CPI+4%#                              | 8.7%                  | 9.6%                   | 9.5%                   | 2.4%                     |
| UJ Money Market                      | 8.3%                  | 7.9%                   | 7.1%                   | 2.1%                     |
| CPI+1.5%                             | 6.2%                  | 7.1%                   | 7.0%                   | 1.8%                     |
| UJ Trustee Portfolio                 | 14.6%                 | 8.1%                   | 12.3%                  | -1.9%                    |
| CPI+5.5%#                            | 10.2%                 | 11.1%                  | 11.0%                  | 2.7%                     |

\*Annualised net returns

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

Please note: The most recent returns for 31 March 2018 are provided to keep you abreast with the performance of the portfolios you are invested in. The "Total Expense Ratio" after deducting all expenses, costs and fees for the period 1 January 2017 to 31 December 2017 for the overall Fund was 0.21%.

### 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).

No rule amendment was approved or registered during the period under review:

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 Trustees 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](mailto: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](mailto: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.

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

The Board of Trustees 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-ijhb@pfa.org.za](mailto:enquiries-ijhb@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 Trustees 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 Trustees 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](http://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@aforbes.co.za](mailto:kotzema@aforbes.co.za). She is not remunerated by the Fund and earns commission.

**The Board of Trustees 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.

