UCT RETIREMENT FUND

Newsletter
November 2013

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WELCOME

Dear Member

There have been many developments in the Fund over the past few months. This newsletter serves to inform you of all the changes in the management of the Fund, the financial status of the Fund and how it affects you, as well as of any changes to benefits and amendments to the Rules of the Fund. Please take the time to read through these articles: we want you to remain well informed, secure in the knowledge that your Fund is always looking out for your best interests.

We hope that you are looking forward to a wonderful festive season with family and friends.

Principal Officer
UCT Retirement Fund

HAVE YOU UPDATED YOUR NOMINATION OF BENEFICIARY FORM?

Before you leave for your annual vacation, make sure that you have updated your beneficiary details. That way, should anything happen to you, your family will be financially secure.

Read more on page 4

SURPLUS DISTRIBUTION

The Fund's actuary recently completed the annual valuation as at 30 June 2012, which disclosed a surplus of roughly R4.5 million. The Board of Trustees decided to allocate this surplus to members of the Fund.

Read more on page 2

Fund Contact Details

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To view your benefits: http://uctrf.co.za

Scan to visit Fund's website on your mobile.

Rule amendment 2 - the short version

There are two sections of the rules that have been amended that members should take the time to note.

Deferred Pensioners

Deferred Pensioners (members who have left the UCTRF but have opted to have their money remain in the Fund) who have previously left their accumulated fund credit in the UCTRF are now **allowed to transfer their funds into a preservation fund or retirement annuity of their choice.** Previously this was not allowed but has now been enabled so that members can continue to preserve their funds until retirement, while allowing them to choose the preservation or annuity of their choice.

Members who are leaving the UCTRF

Members withdrawing from the Fund do not have to only transfer their value in the Fund into a provident preservation fund but are now able to transfer their credit to any preservation fund or retirement annuity.

Actuarial valuation and surplus distribution

What is an actuarial valuation?

The Fund does an actuarial valuation on an annual basis to determine the financial soundness of the Fund. In the latest valuation, as at 30 June 2012, it was determined that the Fund had surplus reserves of **R 4,506 million.**

Where does surplus come from?

The surplus comes from the excess of the Fund's assets (R2,392 million) over the accumulated credits for active members, pensioners and deferred pensioners (R2,368.5 million) added to the contingency reserves (R19.0 million). The contingency reserve is a small percentage of contributions held back to protect the Fund against the possible negative effects of data corrections or processing errors. In addition, the Trustees have managed to keep administration costs slightly below what had been budgeted for.

Who determines what the surplus is?

The Fund's actuary is responsible for determining surplus.

How is this distributed?

It is the Trustees' intention that any such surpluses which arise, in excess of the actuary's prudent allowance for contingency reserves, be allocated to members' retirement savings. Accordingly, at the meeting of the Board of Trustees on 14 June 2013, it was resolved that this surplus be apportioned *pro rata* to the accumulated credits of those who were members of the Fund at both 30 June 2012 (and hence whose contributions gave rise to the surplus) and at the time that the Administrator processes the surplus allocation.

How do I know if I am getting surplus?

The surplus was allocated only to members who were active in the Fund on 18 November 2013 when these amounts were allocated. There will be no payments to former members who have already been paid their benefits. You can request a benefit statement from the Sanlam RetirementFundWeb at http://www.retirementfundweb.co.za to see the surplus amount allocated to you or you can see this amount on your annual benefit statement which you will receive in February 2014.

Where can I find more information?

Please send all comments or questions to uctrf-enquiries@uct.ac.za

Pros & Cons of reduced death-in-service option

If you die before retirement, a benefit equal to your Accumulated Retirement Savings in the University of Cape Town Retirement Fund plus the following group life death cover benefit depending on your membership category is payable:

Members with 10 years or less pensionable service

Members on the permanent staff with 10 years or less pensionable service will automatically belong to membership Category A.

Category A	• **Member with less than 10 years Pensionable Service - lump sum death benefit of 6 times annual deemed pensionable amount**

Members with 10 years or more pensionable service

Members with more than 10 years pensionable service will receive communication relating to reducing their death benefit in December of every year.

The decision to reduce your death cover is a difficult one and there is a separate guide to choosing your death cover that deals with the issues you should consider in this regard. You can find out more at http://uctrf.co.za/index.php

Members with 10 years or more pensionable service may choose to reduce their death benefit and therefore belong to the following membership categories:

CATEGORY B	5 times annual pensionable salary
CATEGORY C	4 times annual pensionable salary
CATEGORY D	3 times annual pensionable salary
CATEGORY E	2 times annual pensionable salary
CATEGORY F	1 times annual pensionable salary
CATEGORY G	0 times annual pensionable salary

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***Please note:** Members over the **proof free limit** have to submit medical information prior to being accepted for full cover. The limit is specified by the insurer, up to which members have full cover without having to submit medical information. **Members whose benefit is more than the proof free limit, will have to submit medical information**, before they will be covered for their full benefit.*

What if I would like to change my Death Benefits?

Members with more than 10 years of pensionable service can reduce their death benefit every year on 1 January, but the total death benefit of a member may not be less than 4 times the annual deemed pensionable amount (DPA).

E.g

For example, if the balance in your Retirement Savings Account is two times your annual deemed pensionable amount, you can reduce your death benefit from the Fund to twice your annual deemed pensionable amount (i.e. your death benefit is then four times your annual deemed pensionable amount).

If you elect to reduce your death cover in this way then your Retirement Savings Account will be credited with an additional contribution.

Can I increase my death cover at a later stage?

You can increase your cover again:

If the number of people dependent on you increases i.e. at a life event due to birth, marriage etc. you may elect to increase your death cover again. Please inform the UCTRF Office should you wish to increase your cover due to a life event before the first day of the next month following a change in your status in respect of your dependants; or

With effect from 1 January in each year with the Trustees' consent.

Members with more than 10 years pensionable service whom have previously reduced their cover will receive communication relating to increasing their death benefit in December of this year.

Have you updated your Nomination of Beneficiary Form?

The Nomination of Beneficiary Form is a form on which you indicate to whom your death benefit must be paid. These forms are available on the Fund's website. It is important to update these forms whenever your beneficiaries and/or dependants change, and to make sure they are up-to-date before you embark upon your annual vacation.

IMPORTANT: Members of the Fund need to update **TWO separate Nomination of Beneficiary forms**:

1. One form for your **UCTRF benefit** and
2. One form for your **separate group life cover benefit (from UCT).**

Who are your beneficiaries?

Your beneficiaries can be divided into two groups:

Dependants:	Dependants include a spouse, life partner, children and anyone else who may be financially dependent on you.
Nominees:	Nominees are beneficiaries who are not financially dependent on you, but who you wish to receive a portion of your benefit.

It is important that you list all legal and financial dependents on your form, even if you do not want them to receive a share of your benefits. You need to include them on your form and then indicate on the form that 0% should be allocated to them, and specify the reason for this. An example would be where you have two children, and one is cared for by the child's other parent whereas one is fully dependent on you. By specifying this on your nomination form, the Trustees will understand that a different portion of the benefit must be awarded to the child who is fully dependent on your money.

What happens if you have no dependants?

You still need to update the Nomination of Beneficiary Form information. However, in this case you will not list any dependants on the form; only nominees.