

# Newsletter 1 of 2021

March 2021

## HEADLINE NEWS

- The death, disability and funeral benefits will remain unchanged for the year from 1 April 2021 to 31 March 2022.
- Full details of the benefits are set out in the Newsletter.
- The premiums for these benefits have increased due to Covid-19, resulting in a slightly lower allocation of contributions to retirement savings.
- The market linked investment performance has recovered strongly over the last 4 months.

## DITABAKGOLO

- Dikholego tša lehu, bogole le poloko di tla dula di sa fetoga mo ngwageng wo o thomago ka 1 Moranang 2021 go fihla go 31 Mopitlo 2022.
- Dintlha ka botlalo tša dikholego di ngwadilwe ka go Letlakalatsebišo.
- Diphremiamo tša dikholego tše di oketšegile ka lebaka la Covid-19, gomme di tliša dikabelo ta fasana tša dikabo go dipoloko tša go rola modiro.
- Mmaraka wo o kgokaganego le ditiro tša dipeeletšo o kaonafetše kudu mo dikgweding tše 4 tša go fela.

## IZINDABA EZINOHlonze

- Imihlomulo yokufa, yokukhubazeka neyomngcwabo izohlala ingashintshiwe unyaka wonke kusukela ngomhlaka 1 ku-Ephreli 2021 kuya kumhlaka 31 kuMashi 2022
- Imininingwane ephelile yezinzuzo ibekiwe ephaphandabeni.
- Amaphrimiyamu alezi zinzuzo akhuphukile ngenxa yeKhovidi-19, okuholele ekwabelweni okuncane kokulondolozwa komhlalaphansi.
- Ukusebenza kokutshalwa kwezimali okuxhumene nemakethe kutholakale kakhulu ezinyangeni ezine ezedlule.

## MAHUNGUNKULU

- Swipfuno swa rifo, ku lamala na nkosi swi nge cinci eka lembe ra kusukela hi 1 Dzivamisoko 2021 kuyafika eka 31 Nyenyakulu 2022.
- Vuxokoxoko byo hetiseka byi anekiwile eka Papolahungu.
- Mali leyi vatirhi va yi hakelelaka mipfuno leyi yi tlakukile hikwalaho ka Covid-19, leswi vangeke ku averiwa ka le hansinyana ka mali leyi ngeniswaka eka vuvekisi bya nkwama wa mudende.
- Matirhelo ya vuvekisi lebyi hlanganaka na timakete ya sisimukile hi matimba eka tin'hweti ta 4 leti nga hundza.

## REVIEW OF THE DEATH AND DISABILITY BENEFITS

The benefits paid by the Fund on the death or disability of a member are the member's Fund Credit and an insured age-related multiple of the member's annual pensionable salary. The total benefit is paid to the eligible dependants and beneficiaries of the deceased member or used to provide a retirement pension to a member who is disabled. An insured family funeral benefit is also paid on the death of a member, the member's spouse or the member's child (if the child is age 21 or younger). The insured death and disability benefit multiples and the insured funeral benefit amounts are set out on the next page.



The insured benefits, which are reviewed each year, have been reviewed effective 1 April 2021. Whilst the benefit multiples and funeral benefit amounts have remained unchanged for the period from 1 April 2021 to 31 March 2022, the required premium rates have increased, mostly due to a material increase in the number of death claims over the last 12 months as a result of the Covid-19 pandemic.

The death and disability benefits are insured with Old Mutual in terms of a policy held in the name of the Fund. The funeral benefits are insured with Old Mutual in terms of a policy held in the name of the City of Johannesburg.

## Death and disability benefit multiples

The insured benefit payable (in addition to the member's Fund Credit) on the death of a member at any age before age 70 or the disablement of a member before the normal retirement age is a multiple of the member's annual pensionable salary at the date of death or disablement, where the multiple depends on the member's age at the date of death or disablement, as follows:

Age at date of death or disability	Death benefit multiple	Disability benefit multiple
17	7.82	9.52
18	8.17	9.96
19	8.55	10.41
20	8.86	10.78
21	9.13	11.12
22	9.36	11.39
23	9.57	11.64
24	9.71	11.81
25	9.77	11.90
26	9.83	11.96
27	9.78	11.92
28	9.75	11.86
29	9.68	11.78
30	9.55	11.63
31	9.43	11.48
32	9.25	11.25
33	9.07	11.05
34	8.87	10.80
35	8.66	10.54
36	8.48	10.31
37	8.24	10.02
38	8.00	9.74
39	7.78	9.46
40	7.54	9.17
41	7.31	8.88
42	7.08	8.60
43	6.80	8.28

Age at date of death or disability	Death benefit multiple	Disability benefit multiple
44	6.59	8.01
45	6.32	7.70
46	6.05	7.36
47	5.79	7.05
48	5.52	6.72
49	5.24	6.38
50	4.99	6.05
51	4.63	5.64
52	4.36	5.32
53	4.11	5.00
54	3.84	4.67
55	3.56	4.35
56	3.33	4.06
57	3.07	3.74
58	2.85	3.48
59	2.64	3.22
60	2.43	2.95
61	2.23	2.70
62	2.05	2.49
63	1.88	-
64	1.73	-
65	1.12	-
66	1.06	-
67	0.99	-
68	0.87	-
69	0.81	-
70 or older	-	-

### Evidence of good health requirements and maximum benefits

Members over age 63 on joining the Fund have no **death benefit** cover and the cover is limited to a maximum benefit of R16 800 000 for all members, until a member in either of these categories provides satisfactory evidence of good health to Old Mutual. The limits do not apply if death is due to an unexpected accident and not an illness or disease.

The insured **disability benefit** is limited to a maximum benefit of R12 000 000.

### Disability benefit waiting period

The disability benefit is payable after a 3 month waiting period following the date of disability.

The member remains covered for the insured death benefit in the event of death during the disability waiting period.

## Funeral benefits

Benefit on the death of:	
Member	R40 000
Spouse	R33 000
Child age 6 to 21	R17 000
Child under age 6 or a stillborn child	R11 000

### ***Definition of eligibility for a disability benefit***

For the payment of a disability benefit, the member must (to the satisfaction of Old Mutual) be totally and permanently incapable of performing his or her own occupation, or any alternative occupation for which he or she is suited taking into account his or her age, education, training, knowledge, ability, income and experience, as a result of a condition that has continued for duration of the 3 month waiting period and arose from an injury or illness.

### ***Definition of an eligible spouse***

For the payment of a funeral benefit in respect of the spouse of a member, the spouse:

- must be legally married to the member (including marriages in terms of the Customary Marriages Act, 1998); or
- must be party to a marriage concluded with the member (to the satisfaction of Old Mutual) in accordance with the customs and usages traditionally observed amongst the indigenous African people of South Africa and which form part of the culture of those people; or
- must be party to a union (to the satisfaction of Old Mutual) with the member validly concluded under a system of religious law; or
- would have been married to the member but for the provisions of the Prohibition of Mixed Marriages Act, 1949 and such marriage has not on grounds other than such Act been dissolved or declared invalid by a competent court and neither of the parties to such marriage has after contraction thereof lawfully married another person; or
- must (to the satisfaction of Old Mutual) have been the partner of the member in an abiding serious relationship akin to living together in a manner resembling for all intents and purposes a monogamous relationship between husband and wife (except the relationship may be heterosexual or homosexual) for a continuous period of at least six months.

For members who have more than one spouse, only one spouse's death benefit will be paid in any policy year.

In the event of a claim, the relationship of the spouse to the member must be substantiated by a marriage certificate or other proof acceptable to Old Mutual.

### ***Definition of an eligible child***

For the payment of a funeral benefit in respect of a child of the member, the child must be:

- a biological child, a stepchild, a legally adopted child or a foster child of the member; or
- a child who has been placed under the member's guardianship as contemplated in Section 18 of the Children's Act, 2005; or
- any other child who (to the satisfaction of Old Mutual) is proven to be financially dependent on the member through the member's financial contributions for the child on a regular basis.

A stillborn child is defined as a foetus that was at least 26 weeks old as at the date of termination of the pregnancy.

In the event of a claim, the relationship of the child to the member must be substantiated by a birth certificate, adoption certificate or other proof acceptable to Old Mutual.

### ***Policy and benefit conditions***

The death, disability and funeral benefits are subject to such maxima, restrictions and conditions as are set out in the Old Mutual insurance policies. The main conditions include:

- No insured death, disability or funeral benefit will be payable, unless the claim is accepted and paid by Old Mutual.
- New members are not eligible for the death benefit cover and the funeral benefit cover until they actively commence work with their employer.
- New members are not eligible for the disability benefit cover during their first 12 months of membership in respect of an intentional self-inflicted injury or any illness or injury for which the member received (or would

have reasonably received) medical advice, a diagnosis or treatment during the 6 months prior to joining the Fund. The member is covered for illness or injury for any other reason.

- Members are not covered for death, funeral or disability benefits which arise out of:
  - Active participation in terrorist activities, war, warlike operations, civil war or revolt which assumes the proportion of a wide-scale uprising other than in the course of fulfilling their duties as employees; or
  - Use of nuclear, biological or chemical weapons or any radioactive contamination arising out of them; or
  - Any attack on or sabotage of facilities and storage depots that leads to the release of radioactivity or nuclear, biological or chemical warfare agents.
- Claims must be submitted to Old Mutual within 12 months of the date of death or disability, as appropriate.

### **Taxation of contributions and benefits**

The employer contributions paid to the Fund on behalf of members in respect of the insured death and disability benefits may be offset against income in determining the net taxable income of each member. Any death and disability benefits (including the member's Fund Credit) paid by the Fund are subject to the deduction of the appropriate tax.

The employer contributions paid on behalf of members in respect of the funeral benefits cannot be offset against income in determining the net taxable income of each member. The employer therefore deducts fringe benefits tax on these contributions each month from each member's salary. Funeral benefits are paid free of tax.

### **Funeral support service**

The service allows for the transportation, at no cost, of the deceased member, spouse or child by road or air from anywhere in the world to the funeral home closest to the place of burial in South Africa or neighbouring countries: Botswana, Lesotho, Mozambique (south of the 22<sup>nd</sup> parallel – Vilankulo), Namibia, Swaziland and Zimbabwe.

The service can be accessed at any time by calling 0860 000 500.

### **Important issues**

- a) This Newsletter contains a summary of the insured death, disability and funeral benefits and is provided for information purposes only. In the event of a difference between this summary and the terms of the insurance policies, the insurance policies will prevail.
- b) Members need to assess whether the death, disability and funeral cover is sufficient for them and their families. If it is insufficient, they should consider taking out further personal cover.
- c) Members should ensure they have completed and signed an up-to-date nomination of beneficiaries form in respect of their death benefits. If their circumstances change (e.g. marriage, divorce, birth of a child) members should update their nomination form and submit it to their HR department or to the Fund's administrator.
- d) Members should ensure that their personal contact details are kept updated with their employer. This will assist in communication to members and in the processing of any death, disability and funeral claims.
- e) If a member, or the member's family in the event of the death of the member, has any concerns regarding a decision by Old Mutual in respect of a death, disability or funeral claim, they may contact Old Mutual directly on:

Death claims: [gapdeathclaims@oldmutual.com](mailto:gapdeathclaims@oldmutual.com)

Disability claims: [gapdisabilityassessments@oldmutual.com](mailto:gapdisabilityassessments@oldmutual.com)

### **Contribution allocations from 1 April 2021**

The allocation of member and employer contributions to retirement savings, the various death, disability and funeral benefit arrangements and Fund expenses will be as follows:

	<b>Up to 31 March 2021</b>	<b>From 1 April 2021</b>
Member contributions: Retirement savings	7.500%	7.500%

	Up to 31 March 2021	From 1 April 2021
Employer contributions:		
Retirement savings	13.432%	12.763%
Death benefits	3.088%	3.696%
Disability benefits	0.920%	0.959%
Funeral cover (via an employer held policy)	0.160%	0.182%
Fund expenses	0.400%	0.400%
<b>Total</b>	<b>18.000%</b>	<b>18.000%</b>

Note that for a small number of senior employees, the employer contribution is less than 18%. For these members the allocation of employer contributions to death, disability and funeral benefits and Fund expenses is as set out in the above table and the allocation to retirement savings is reduced accordingly.

## INVESTMENT PERFORMANCE

Investment returns have recovered strongly over the last 4 months, as shown in the following table reflecting the monthly returns for each of the Fund's investment portfolios over the last 12 months to 28 February 2021.



Period	Inflation Target Portfolio	Stable Portfolio	Capital Protection Portfolio
March 2020	(11.32%)	(4.33%)	0.58%
April 2020	10.68%	5.85%	0.61%
May 2020	0.95%	1.92%	0.52%
June 2020	3.08%	0.47%	0.47%
July 2020	2.36%	1.12%	0.57%
August 2020	0.97%	1.68%	0.47%
September 2020	(1.97%)	(1.23%)	0.46%
October 2020	(2.42%)	(1.24%)	0.40%
November 2020	7.06%	3.34%	0.44%
December 2020	2.73%	1.52%	0.35%
January 2021	3.33%	1.75%	0.45%
February 2021	4.04%	1.23%	0.42%
<b>1 March 2020 to 28 February 2021</b>	<b>19.38%</b>	<b>12.39%</b>	<b>5.88%</b>

The investment returns earned on each of the portfolios for longer periods to 28 February 2021 are as follows:

Period to 28.2.2021	Inflation Target Portfolio (inception 1.9.2005)		Stable Portfolio (inception 1.5.2014)		Capital Protection Portfolio (inception 1.9.2005)	
	Actual per annum	Target: Inflation plus 5% per annum	Actual per annum	Target: Inflation plus 3% per annum	Actual per annum	Target: Inflation plus 1% per annum
Last 12 months	19.38%	7.37%	12.39%	5.37%	5.88%	3.37%
Last 3 years	7.18%	8.68%	9.02%	6.68%	7.72%	4.68%
Last 8 years	9.89%	9.77%	N/A	N/A	7.69%	5.77%
Since inception	11.85%	10.52%	7.87%	7.45%	8.05%	6.52%

Given the nature of each of the three Portfolios, performance is assessed by the Trustees over different periods (eight years for the Inflation Target Portfolio, three years for the Stable Portfolio and one year for the Capital Protection Portfolio) as highlighted in green.

The Stable Portfolio was introduced as part of the review of the three stage life stage model during April 2014. The returns for this portfolio are reported from 1 May 2014, representing the first full month that the portfolio was in existence.

This Newsletter is issued for the general information of the members of the eJoburg Retirement Fund.

It is not intended as a substitute for specific legal, financial or other advice in considering the implications for each member's particular circumstances.