



# OLD MUTUAL SUPERFUND **MEMBER UPDATE**

AUGUST 2016

## WHAT'S IN THIS EDITION

- Talk pension supported housing loans
- Inform you about the increase of the Preserver default period
- Share the recipe on how to achieve a comfortable retirement
- Provide an update about the changes to the Old Mutual SuperFund's suite of investments
- Provide links to our latest edition of the SuperFund Member Educational Newsflash in case you missed it

## MESSAGE FROM THE **PRINCIPAL OFFICER**

**We are pleased to bring you the August edition of the Member Update.**

Can you believe we only have four months left of 2016? Soon we will be waving goodbye to the winter season and welcoming the anticipated sun kissed days.

According to Charles Darwin, "A man who dares to waste one hour of time has not discovered the value of life". Let us continue to encourage you to make the most of every opportunity and to take charge of your retirement planning!

We trust that you will enjoy this issue and find it informative.

Happy reading!

Regards

**Cheryl Mestern**



# PENSION SUPPORTED HOUSING LOANS

The lack of housing in South Africa remains a priority for the South African government. As such, the Pension Funds Act enables the Management Board to assist members to finance their genuine housing needs. There are certain conditions:

- This is only applicable to employers that are participating in the housing loan surety arrangement and have entered into the respective agreements with the various Banks.
- The Act permits retirement funds to furnish guarantees/security for loans granted to members for housing purposes only. The definition of “housing” is as follows:
  - Buying an existing home
  - Building a new home
  - Improving an existing home.
- The member or his spouse must own the home and the member or his dependants must occupy the home.
- Surety can only be granted for one property at a time.
- The loan may not exceed an amount equal to 80 percent (in the case of Standard Bank this is 70 percent) of the member’s lowest benefit in terms of the Rules of the Fund at the time the housing loan is granted.
- For members within ten years of the normal retirement date, they may only take a loan of up to 25 percent of his/her benefit.
- When leaving the Fund, the member will be given the opportunity to secure alternative finance before the Fund settles the guarantee out of his/her benefit.
- The Management Board is mandated by the Old Mutual SuperFund Housing Loans Surety Policy, which must be read in conjunction with the Rules of the Funds.

**Click here** to view the principles adopted by the Management Board regarding home loan sureties.

# OLD MUTUAL SUPERFUND PRESERVER

Old Mutual SuperFund Preserver is an easy and cost effective way of protecting your accumulated retirement savings when you leave employment due to resignation, retrenchment or dismissal. It allows you to continue your SuperFund membership even though you have changed employers.

## How does preserver work and what needs to be done?

When leaving a job due to resignation, retrenchment or dismissal you can continue your **Old Mutual SuperFund membership** after you leave your employer by choosing the Preserver option.

- **You simply need to inform the payroll administrator that you are choosing Preserver** as your benefit option.
- The payroll user must **select the “preserver” withdrawal option on the payroll system** or **eClaim** system, and submit the data to Old Mutual to initiate the claims process.
- Once the payroll (and eClaim where applicable) is submitted, Old Mutual will process the “preserver” withdrawal election and you will **seamlessly become a SuperFund Preserver member** and continue to benefit from great service, investment choice and flexibility at a competitive fee.
- You can still **withdraw your retirement savings** at any time in cash and/or transfer your retirement savings to another retirement fund.
- By choosing Preserver, you have access to the entire range of SuperFund Choice investments at SuperFund negotiated fees and there are no upfront commissions and administration fees.

It is extremely important that you select your option as soon as possible after leaving and that the payroll administrator supplies SuperFund with this information shortly thereafter.

## Preserver default period increased from 60 to 120 days

If you leave your employer and fail to notify SuperFund within the Preserver default period of your option, then you will automatically become a Preserver member.

In order for SuperFund to deliver on the promise of service excellence to our clients and you the member, the Preserver default period has been increased from **60 to 120 days effective 1 July 2016**. This will allow you more time to consider and submit claims through your employers.

Remember, if you do not make an election within **120 days of exiting employment or within 120 days of the date on which your notification of exit is received by Old Mutual, whichever is later, you will automatically become a Preserver member** if there are no employer or housing liens against your benefit. If the Fund has to make a deduction for a housing loan and/or employer lien:

- The balance of the benefit will be transferred to the Trustee elected preservation fund, or
- If the fund does not have all of the personal details to transfer the benefit to the Trustee elected preservation fund, then the balance of the benefit will be transferred to the Trustee elected preservation fund, or

## As a preserver member your options always remain open!

You have the time and flexibility to make good choices. You may withdraw your retirement savings in cash or transfer to another approved retirement fund should you wish to do so. For more information visit [www.oldmutual.co.za/preserver](http://www.oldmutual.co.za/preserver)

**Click here** if you would like to access a one-page document about SuperFund Preserver.

# A SWEET RECIPE FOR COMFORTABLE RETIREMENT

Steaming gravy, savoury stuffing and sweet potatoes with delicious chicken and mushroom pie – no that is not quite the recipe we would like to share right now. Every family has certain dinner traditions and recipes to create a perfect holiday meal and just like every special occasion, if you fail to plan or measure your ingredients correctly, your delicious chicken pie could be a real flop.

Planning for your retirement future is the same. Follow this simple recipe, and you'll be rewarded with a comfortable retirement:

- 1.** Start your retirement pie recipe by dropping in some simple information — on our online [Retirement Calculator](#). It uses your personal information to illustrate whether you are currently saving enough to achieve your ideal post-retirement income.
- 2.** Experiment with the calculator; drop in different retirement saving amounts and dates, then mix it up until your financial security in retirement is just the way you want it.
- 3.** Next, top your retirement pie with some savings (the main ingredient). Most financial advisers say you will need 75 percent or more to have a yummy 'live comfortably' pie. We know that increasing your contribution rate isn't easy, especially when times are tight, but even a small change in this recipe can make a big difference. For example, **each year, try to increase your retirement contribution by 0.5%**. You will hardly notice the impact on your take-home pay, but over a long period the impact is huge when it comes to the size of your retirement security pie.
- 4.** Lastly, remember the golden rule and try to "SAVE AS MUCH AS YOU CAN, FOR AS LONG AS YOU CAN"...you may just end up with a beautiful retirement pie that you can share with your loved ones one day...

If you are one of those individuals who likes to taste while you bake? Register on our [self-service platform](#) so that you can have access to check on your retirement savings 24 hours a day?

When your retirement pie is done, enjoy! You deserve a comfortable retirement.

# CHANGES TO OLD MUTUAL SUPERFUND'S SUITE OF INVESTMENTS

With effect from 1 October 2016, we will be introducing some **changes to the Old Mutual SuperFund investment landscape**.

The aim of this communication is to provide you with details of the following changes:

- **Closure of four domestic-only portfolios**
- The introduction of the **Old Mutual Guided Growth Fund**

## CLOSURE OF FOUR DOMESTIC-ONLY PORTFOLIOS

### So why the change?

Spreading investments across different classes of assets, such as equities, bonds, property and cash, reduces risk. Spreading such asset classes beyond our borders, across different economies and different currencies, reduces risk even further. The Management Board assessed the performance of domestic-only portfolios against the performance of foreign investment portfolios allowed by legislation. The conclusion is that members are best served in the long run by investing in portfolios that include foreign investment.

The Old Mutual SuperFund Management Board has therefore decided to close the remaining domestic-only portfolios with high equity exposure.

### What does this mean if you are currently invested in one of the portfolios that are closing?

Members invested in these portfolios will be moved to the equivalent version which includes an allocation to international investments and which is managed by the same Investment Manager.

The table below provides details of the closing domestic-only portfolios and their alternative global portfolios:

Investment portfolios that will be closed with effect from 1 October 2016	Investment portfolio into which the assets will be switched automatically on 1 October 2016 unless a member advises otherwise
Allan Gray Domestic Balanced Portfolio	Allan Gray Global Balanced Portfolio
Coronation Domestic Absolute Portfolio	Coronation Global Absolute Portfolio
Investment Solutions 37,5% Equity Local	Investment Solutions 37,5% Equity
Prudential Life Domestic Balanced	Prudential Life Global Balanced Portfolio

The **Allan Gray Global Balanced**, **Coronation Global Absolute** and **Prudential Life Global Balanced** portfolios are already available within the SuperFund Choice investment package.

**Investment Solutions 37.5% Equity Portfolio** is a new portfolio, which is being introduced on 1 October 2016.

The table below provides a short profile of the new Investment Solutions 37.5% Equity Portfolio:

Investment Choice Package Category	Risk Category/Portfolio Profile	Overall Comments	Basic Annual Charge
Extended	Lower Reward/Risk – Market Linked	This portfolio aims to achieve a low probability of capital loss or negative returns in any 12 month period while providing returns ahead of inflation.	0.70% domestic assets (based on sliding scale) and an additional fee for global assets ranging between 0.50% and 0.90% that varies depending on where the global assets are invested.

[Click here](#) to access the latest available fund fact sheet for this portfolio

The tables below provide a short profile of the already available Allan Gray Global Balanced, Coronation Global Absolute and Prudential Life Global Balanced Portfolios:

- The **Allan Gray Global Balanced Portfolio;**

Investment Choice Package Category	Risk Category/Portfolio Profile	Overall Comments	Basic Annual Charge
Extended	Medium Reward/Risk – Market Linked	It aims to offer long-term returns superior to the benchmark, but at a lower risk of capital loss. The benchmark is the mean performance of the large managers as surveyed by consulting actuaries.	0.50% basic annual charge for domestic assets and an additional fee charged that ranges from 0.50% to 2.5% on international assets. A performance fee of 20% is applicable on benchmark outperformance, subject to a maximum total fee of 2% per annum.

[Click here](#) to access the latest available fund fact sheet for this portfolio.

- The **Coronation Global Absolute Portfolio:**

Investment Choice Package Category	Risk Category/Portfolio Profile	Overall Comments	Basic Annual Charge
Extended	Higher Reward/Risk – Targeted Return	This portfolio targets positive real returns of CPI + 6% (gross of fees) over a rolling 3 year period with an overriding focus on limiting downside returns or portfolio losses.	0.60% basic annual charge for domestic assets and an additional fee charged that ranges from 0.50% to 1.5% on international assets. A performance fee of 15% is applicable on benchmark outperformance of CPI + 6% over rolling 3-year period, subject to a maximum total fee of 1.4% per annum.

[Click here](#) to access the latest available fund fact sheet for this portfolio.

- The **Prudential Life Global Balanced Portfolio**:

Investment Choice Package Category	Risk Category/Portfolio Profile	Overall Comments	Basic Annual Charge
Extended	Medium Reward/Risk – Market Linked	This portfolio aims to outperform the median return of Alexander Forbes Global Manager Watch (Large) participants.	0.70% basic annual charge for domestic assets and an additional fee charged of 0.60% for global assets.

[Click here](#) to access the latest available fund fact sheet for this portfolio

## WHAT HAPPENS IF YOU DO NOT WANT TO SWITCH TO THE ALTERNATIVE GLOBAL PORTFOLIO?

If you are currently invested in one of the domestic-only portfolios that will be closed and **you do not wish to switch automatically** to the alternative global portfolios on 1 October 2016, **you need to switch your investment out of the current domestic portfolio by 30 September 2016.**

## HOW TO MAKE THE INVESTMENT SWITCH?

Members who select an alternative investment portfolio will be switched according to their instructions provided. **Please note that that this instruction must be provided by 30 September 2016.**

If you'd like to make an investment switch, the best way to do this is online, using **Secure Services** or alternatively if you don't have access you can access the form by following this [link](#).

We encourage you to obtain financial advice to assist you with your investment decisions and if you would like to be contacted by an accredited Old Mutual financial adviser, please call **0860 388 873**.

## INTRODUCTION OF THE OLD MUTUAL GUIDED GROWTH FUND

Old Mutual recently launched a new investment fund called the **Old Mutual Guided Growth Fund**. This fund suits investors who want a balanced investment solution that provides real returns, protection from downside risk and reduced volatility.

The fund targets a return of CPI + 5% over rolling 5 year periods (before investment management fees) and aims to limit downside risk over rolling 12 month periods. The fund uses a range of risk management mechanisms to protect investors and to reduce the impact of day-to-day market fluctuations.

Risk Category:	Medium
Fund Profile:	Balanced
Basic Annual Charge:	0.95% based on sliding scale.

Understanding investments can be tricky, we therefore recommend that you speak to your broker or financial adviser should you have any questions. If you do not have a financial adviser, contact our **Member Support Services on 0860 388 873** and they will put you in touch with an accredited financial adviser.

# SUPERFUND MEMBER EDUCATIONAL NEWSFLASH

For the latest version of the SuperFund Member Educational Newsflash, click on one of the languages below:

- Afrikaans
- English
- Sesotho
- Xhosa
- Zulu



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