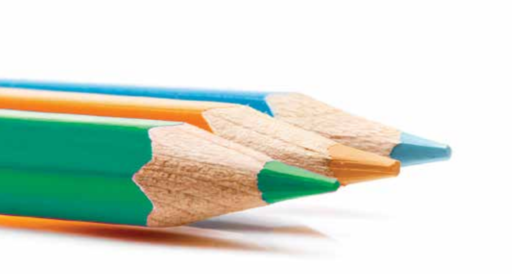
OLDMUTUAL CORPORATE



OLD MUTUAL SUPERFUND

MEMBER UPDATE

PENSION FUND

JANUARY 2016

WHAT'S IN THIS **EDITION**

- RETIREMENT REFORM TAKES A BIG STEP FORWARD
- MAKING SURE THAT YOUR LOVED ONES ARE CARED FOR LONG AFTER YOU HAVE GONE
- THE IMPACT OF DIVORCE ON YOUR RETIREMENT SAVINGS
- ENHANCEMENTS TO SECURE SERVICES ONLINE FACILITY

MESSAGE FROM THE **PRINCIPAL OFFICER**

Welcome to 2016!

We are pleased to bring you the first issue of the Member Update for the year.

In this issue we:
- Bring you up to speed with the retirement reform changes that will be implemented with effect from 01 March 2016.
- Remind you how important it is to ensure that you and your dependants understand the death claims process.
- Re-visit the impact a divorce could have on your retirement savings.

There is always a feeling of invigoration with the beginning of a new year. A time to start fresh, a time to improve on last year's results.

As we kick-start the year, we would like to encourage you to take advantage of every opportunity and to take charge of your retirement future... the power is in your hands!

Happy reading!

Regards
Cheryl Mestern

RETIREMENT REFORM TAKES A BIG STEP **FORWARD**

T DAY
RETIREMENT REFORM

There has been lots of press coverage on Retirement Reform and this has caused unnecessary panic and confusion amongst members.

There is no need to panic!

Very simply, the aim of Retirement Reform is to make the retirement industry work better for members by:

- Improving governance;
- Reducing costs, and
- Making it easier for YOU, the member to save more.

The Tax Laws Amendment Bill was passed by the National Assembly on 26 November 2015 and by the National Council of Provinces the next day. The Bill has been signed by President Zuma, 'T-Day' will become a part of our law with effect from 1 March 2016.

Let's quickly recap on some of the changes that have already taken place:

- Premiums in respect of disability income policies are no longer tax deductible but the proceeds will be paid tax free.
- A new tax free savings vehicle has been made available.
- Provident and Pension Fund members can now postpone their retirement benefits indefinitely after reaching normal retirement age.

So, what changes will be implemented on 01 March 2016?

There are two changes that have been legislated and will come into effect on 01 March 2016:

The first change affects the tax on the money you contribute towards your retirement savings.

Currently, the amount of the tax deductions afforded on your contributions differs if you belong to a **Pension, Provident or Retirement Annuity Fund.**

With effect from 1 March 2016 **contributions and tax deductions for all retirement funds will be treated the same** and the amount that you can contribute tax-free is much more generous.

What does this mean for you?

You will be able to make a total tax-deductible retirement fund contribution of up to 27.5% of the greater of your salary, benefits or taxable income.

Your contributions will however be **subject to** an annual tax deduction limit of R350 000.

In a nutshell, from 1 March 2016 you can **save more for your retirement, and enjoy the benefits of a bigger tax deduction.**

The second change affects the options available to you at retirement

As a member of a pension fund, very little will change. You can still take a maximum of one third of your retirement savings in cash and the balance must be used to purchase a pension.

However, with effect from 1 March 2016, **if you retire with R247 500 or less you do not have to buy a pension,** you can take your full benefit in cash.

It is important to remember that at this stage nothing else has been passed into law... If you resign from your employer, your options will stay exactly the same and you will still be able to access all your retirement savings in cash.

While the aim with Retirement Reform is to encourage South Africans to save more, **ultimately the responsibility lies with YOU... only YOU have the power to choose a comfortable retirement.**

The retirement reform audio visual which will help explain these changes will soon be available in five official languages (English, Afrikaans, IsiZulu, IsiXhosa and Sesotho). Watch this space for further details.

MAKING SURE THAT YOUR **LOVED ONES ARE CARED FOR** LONG AFTER YOU HAVE GONE

For most retirement fund members, their retirement savings represent provision not only for themselves – but for their spouses and children as well. Ironically, many members are not aware of the intricacies of the death claims process, and the payment delays and hardship that can arise for the family should the member die and the correct information not be available.

Old Mutual SuperFund has re-designed the death claim forms to make it simpler and easier to complete.

Click here to access the new death benefit claim document which provides:

- An overview of the process which the Fund must follow
- Details of the forms and supporting documents required
- A useful glossary

In addition to simplifying the claim forms, Old Mutual SuperFund has also produced the following **useful tools and guidelines which aim to help simplify and speed up the death claims process:**

- **Death claims video** – This video provides a complete overview of the death claims process. **Click here** to view the video.

- **Death claims tips and guidelines** – This note details some of the challenges experienced when processing claims and provides some guidelines on how to prevent them. **Click here** to read these tips and guidelines.

- **The introduction of telephonic affidavits** – Your dependants can now complete an affidavit telephonically by simply calling 021 503 0501/2/3

What steps can you take to ensure that there are no delays?

- Keep your Beneficiary Nomination form up to date and make sure that it reflects ALL your dependants.
- Make sure that your loved ones are aware of the death benefit payable.
- Ensure that your loved ones have access to copies of your latest member benefit statement and beneficiary nomination form.
- Make sure that your beneficiaries have the correct contact numbers, and that they understand what they need to do, should something happen to you.

Note: Please remember that the nomination of non-dependants must be done in writing.

THE IMPACT OF **DIVORCE** ON YOUR **RETIREMENT SAVINGS**

A divorce award can have a significant impact on your retirement savings. It is therefore extremely important that you understand what the implications of a divorce could be on your retirement savings.

Your fund savings will only be affected if the divorce order, or the Settlement Agreement incorporated in your divorce order, specifically awards a share of your "pension interest" in the Fund to your former spouse.

The Divorce Act provides that a share of your pension interest can be awarded if:

- You were married in community of property
- Prior to 1 November 1984, you were married out of community of property and without profit and loss, or
- After 1 November 1984, you were married out of community of property, with the accrual system.

The Divorce Act does not permit you to share your pension interest if you were married out of community of property after 1 November 1984 and you also excluded the accrual system.

Depending on the terms of your divorce order, **your divorce can result in a significant portion of your retirement savings being paid out to your former spouse. This can have a significant impact on your ability to retire comfortably!**

omms 01.2016 L8799

Your former spouse can claim immediate payment of the divorce award from the Fund and can elect to receive payment of the divorce award in cash, or transfer it to another retirement fund.

Is the divorce award taxable?

With effect from 1 March 2012, the date of the divorce will determine if the divorce award is taxable. If you divorced before 13 September 2007, no tax is payable. If you were divorced after 13 September 2007, and the award is taken as cash or transferred from a pension fund to a provident fund, tax is payable.

Who will be responsible for the tax?

The non-member former spouse is liable for the tax. The divorce award will be taxed as a withdrawal benefit, and the current tax rates will apply.

What actions can you take if your retirement savings are impacted by a divorce award?

A divorce award can have a significant impact on your retirement savings. If you have any spare cash, perhaps from a year-end bonus, consider giving your retirement savings a boost. You can do this by:

- Making Additional Voluntary Contributions (AVC's) to the Fund.
- Investing in an appropriate savings vehicle.

REMEMBER: It is important to have a retirement plan in place to ensure that you stay on the road to a secure financial future. We therefore strongly encourage you to consult with your financial adviser before making any important decisions. **If you do not have a financial adviser** you can call **0860 38 88 73** and we will ensure that an Old Mutual Financial Adviser contacts you to discuss your options, and to help you plan for the comfortable retirement that you deserve.

ENHANCEMENTS TO **SECURE SERVICES ONLINE FACILITY**

Old Mutual SuperFund members are now able to obtain additional information via the Secure Services online facility:

- You have access to your account balances, account statements and various other useful information.
- You can track the progress of claim payments (if you leave your current employer).

To access this information, **login to Secure Services.**

If you are not registered for Secure Services, **click here** to find out how!

OLD**MUTUAL**
CORPORATE

Old Mutual is a licensed Financial Services Provider.

Indemnity
While every effort has been made to ensure that the information in this newsletter is correct, Old Mutual SuperFund Pension and Provident Funds and Old Mutual take no responsibility for any loss or damage suffered by any person as a result of their reliance on the information contained herein.