




**WHY
UMBRELLA
FUNDS ARE
SHAPING
THE FUTURE
FOR BUSINESS
OWNERS
AND THEIR
EMPLOYEES**

DO GREAT THINGS



OLD MUTUAL
CORPORATE

The background features a light gray field with a pattern of white hexagons. Scattered throughout are several stylized umbrellas in various shades of gray and teal. Some umbrellas are solid, while others are divided into segments, resembling pie charts. The overall aesthetic is clean and modern.

Discover how professionally managed and professionally governed multi-employer funds provide very comprehensive and the most cost-effective employee retirement savings and insured death and disability benefit solutions, and significantly eliminate employers' fiduciary responsibilities and liabilities.



WHAT ARE **UMBRELLA FUNDS?**

Umbrella funds were first introduced to South Africa by Old Mutual 28 years ago. They offer business owners and their employees the opportunity to join an established retirement fund, in which many other employers and their employees participate.

In a well-managed and established umbrella fund, participating employees enjoy the same level of professional governance and fund management that they would in a stand-alone or privately managed retirement fund arrangement.

Often referred to as multi-employer funds, umbrella funds offer the most cost effective employee benefit solutions and a host of additional advantages:

- Participating employers, whether small or large, get traditional big company benefits without the hassle of setting up their own stand-alone retirement funds.
- These generally include retirement savings and group insured benefits (including death and disability benefits and family funeral cover).
- Economies of scale due to size and operational efficiencies, mean reduced direct and indirect costs for running the retirement fund: hence, more money is directed to the members' retirement savings.
- Umbrella funds' professional management and professional governance significantly reduce employers' fiduciary responsibilities and financial liabilities.

WHY IS THERE A TREND FOR RETIREMENT AND GROUP INSURED BENEFITS TO BE OFFERED BY SMALL BUSINESSES?

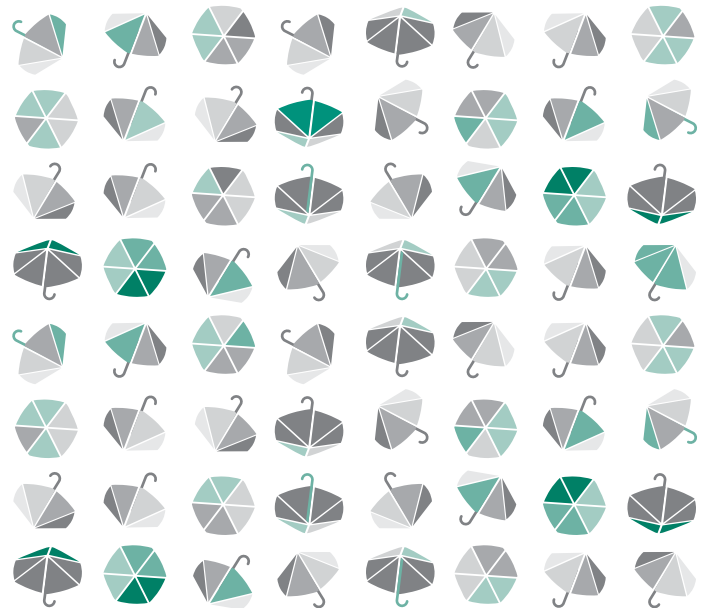
For many years the provision of employee benefit plans was the preserve of bigger businesses, but this is rapidly changing. In today's tough economy, smaller businesses are finding that looking after their business is a demanding job and they are continuously seeking ways in which to thrive and remain competitive. The need for structured group insurance and retirement benefits as part of the employee benefits package has been recognised, in as far as it:-

- helps retain and attract talented staff,
- offsets financial risk caused by unforeseen obligations to staff,
- lessens the financial impact on the cash flow of the business,
- provides financial protection for staff (and their loved ones) in their times of need, and
- rewards loyal staff with the opportunity to achieve a financially secure retirement.

Small business employers may believe that they are under too much time, cash flow and workflow pressure to take on 'another' burden, such as implementing a retirement fund and offering group insured death and disability benefits. The good news is that umbrella funds are designed with this in mind.



No matter what kind of business you have, or how diverse your business and employee needs are, there is an umbrella fund employee benefit solution tailored for you.



HOW LEGISLATION IS INFLUENCING THE MOVE TO UMBRELLAS

Significant changes in the South African retirement fund environment are anticipated over the next few years. If these changes should require that all employers provide employee benefits to their staff, it will also bring added fiduciary responsibilities and accountability, increased pressure on governance standards and ultimately, increased complexity, time commitment and risk to employers and retirement fund trustees.

- Too many retirement fund trustees, particularly of smaller stand-alone retirement funds, are not properly trained. At the same time, their duties and responsibilities are becoming increasingly onerous.
- Of the 13 000 funds that – until recently – were listed at the Financial Services Board (FSB), 80% were small and their increasing costs were eroding the participating members' retirement benefits.
- Many companies recognise that the costs and time required to manage their stand-alone retirement fund removes focus and resources from their core business.

In the face of these challenges and changes, there is a growing trend among employers towards offering employee benefits through an umbrella fund.

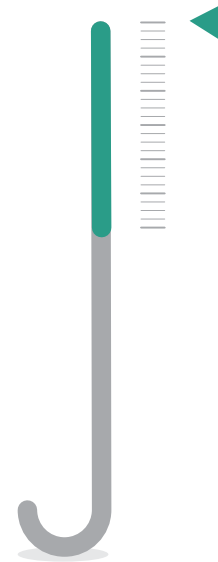
Due to legislation and with increasing complexity demanding expert opinion, all retirement funds now pay for audits, FSB levies and other professional fees.

WHY UMBRELLA FUNDS ARE SHAPING THE FUTURE OF RETIREMENT SAVINGS

Since umbrella funds were introduced 28 years ago, retirement fund administrators have learnt a great deal and made numerous improvements, bringing greater flexibility and control to the umbrella fund experience. As a result, the umbrella experience is very similar to that of the stand-alone retirement fund experience, except for a number of significant advantages.

- Sustainable longer-term retirement saving solutions for employers and employees, which are compliant with legislation and fit for the future.
- Fund administration costs, audits, FSB levies and professional fees are shared by a number of participating employers, thereby reducing the fund operating costs; these savings ultimately benefit the participating employees.
- A professional and independent retirement fund trustee board is appointed, with industry-specific knowledge that enhances decision making by the retirement fund, and substantially reduces the risk to employers in the management of the fund.

It is estimated that migration away from stand-alone retirement funds to umbrella funds will reduce the number of existing retirement funds from over 15 000 to less than 500.



The higher operating costs of stand-alone retirement funds effectively penalise the members of these funds, because less money is going towards their retirement. An umbrella fund addresses this problem.

HOW UMBRELLA FUNDS BENEFIT EMPLOYERS AND RETIREMENT FUND TRUSTEES

Employers do not generally have the time to manage a retirement fund and also manage and run their businesses. With increasing regulatory focus and requirements placed on retirement funds, these tasks are becoming even more onerous. Umbrella funds answer these concerns.

- A board of highly qualified and skilled trustees ensures that you can focus on your core business while your employees remain secure in the knowledge that their money is in safe hands.
- Generally, umbrella funds will offer comprehensive benefits from a suite of wealth-building and protection components that the employer may package to suit the needs of their staff.
- Employers do not (or should not) have to give up their own interactions with employees. A good umbrella fund will plan the communication needs together with the employer.

The fact that the umbrella fund is run by a third party also significantly relieves the company of the legal issues involved with running a fund.



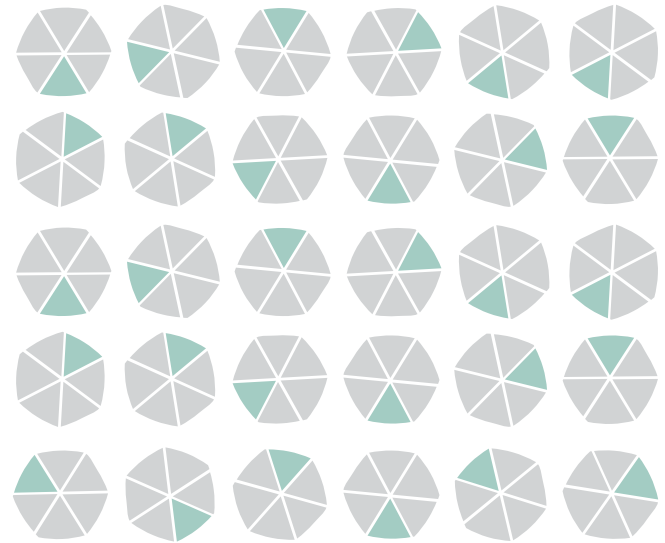
Umbrella funds are a **one-stop shop** for the retirement package of employees. Often all costs are aggregated into one charge that is significantly less than a stand-alone retirement fund.

HOW UMBRELLA FUNDS BENEFIT EMPLOYEES

The accumulated savings of employees in their staff retirement fund are often the biggest single source of savings for their retirement future. Well run and managed umbrella funds will ensure that employees fully understand their position and so play an active role in managing their retirement planning and retirement goals.

- The cumulative effect of reduced retirement administration costs has a significant impact on the value of retirement savings over the period of membership.
- Employees can rest assured about their retirement savings and security, thanks to professional knowledge and expertise on the board of trustees, and considerable expertise in all spheres of retirement funds and industry matters.
- Access to advice and guidance means employees have the chance to enjoy support throughout their journey to a financially secure retirement.

A well run umbrella fund will encourage employees to take ownership of their own retirement and to use their retirement fund in the wisest way possible.



To maintain their living standards after retirement, employees will need to save 15% of their salary for 30 years, or more. Building up this retirement savings capital is the responsibility of employees and their employers.

OLD MUTUAL SUPERFUND MAXIMISES BENEFITS FOR EMPLOYERS AND RETIREMENT FUND TRUSTEES

Old Mutual, South Africa's leader and most experienced umbrella fund provider, offers the most comprehensive range of employee benefit solutions under one legal umbrella fund entity, called Old Mutual SuperFund.

Old Mutual SuperFund's range of employee benefit solutions is easy to access, use and understand. You'll find a solution tailored to meet the needs of your business and your budget, whilst providing maximum returns to your employees. And it is easy to switch that solution as your business grows and if your needs change.

- Old Mutual SuperFund is managed according to the highest standards of good governance. A board of highly qualified and skilled retirement fund trustees ensures that you can focus on your core business.
- Professional trustees have a fiduciary duty to always act in the best interests of the participating employees in the fund, and to choose suitable investment managers and retirement saving investment options. Our range of investment options includes an option compliant with Islamic Sharia law.
- We are also the country's top ranking Employee Benefits administrator, Group Risk and Group Investments provider, having won numerous awards for our benefit administration and the super-efficient processing and payment of claims.

Our fund administrative capability is recognised by our industry peers: we have won the Principle Officers Association Imbasa Yegolide Award for Employee Benefits Administrator of the Year in 2010, 2011, 2012 and 2013.



Old Mutual SuperFund employs independent retirement fund trustees who are professionals in fields such as Law, Actuarial Science, Accounting and the general Retirement Fund industry.

OLD MUTUAL SUPERFUND MAXIMISES BENEFITS FOR THE EMPLOYEE

With over 361 000 participating members, Old Mutual SuperFund has been able to achieve significant economies of scale, along with an incomparable record of positive investment returns every month on members' retirement savings, since the Fund's inception.

- We understand employees' needs for investment growth and capital protection of their retirement savings.
- Employees enjoy wealth-building and protection benefits. Some options allow employees investment choice according to their investment risk profiles, with no hidden costs, allowing them to only pay for what they use.
- Our wide range of investment options includes an option compliant with Islamic Sharia law.
- We offer the largest branch network in South Africa, providing excellent service and advice, available to help employees manage their affairs.
- Our comprehensive free financial education programme, communication and assistance guides employees to financial security through their lives.
- We provide a wide range of optimal post-retirement advice and investment solutions, to help ensure that the retirement savings of retiring employees are sustainable throughout their retirement years.
- We provide a Family Funeral Support service, taking pride in our ability to process and pay death claims within 3 days, and to deal with grieving families sensitively and empathetically.

In many instances, retiring requires the biggest financial decision of one's life – how best to invest one's accumulated retirement fund savings. This decision involves significant complexity.



Employees also enjoy a track record of award-winning fund communication and essential information at their fingertips. With our member education programme building financial literacy, they are able to boost their retirement savings and enhance their decision making.

JOINING OLD MUTUAL SUPERFUND IS EASY

Whether you are a small business needing to overcome the stress of unforeseen employee costs impacting on your cash-flow, or a large business contemplating a move from a stand-alone retirement fund to an umbrella fund arrangement, you'll find that the long-term benefits far outweigh the short-term investment in time required by the transition.

- Over 28 years, we have streamlined our fund take-on processes and procedures.
- Our take-on team offers a dedicated account executive backed by administrators.
- All steps are taken to ensure minimal disruption.
- You'll find that you'll soon be able to get on with your core business, secure in the knowledge that your employees' retirement and major financial risks are covered by the group insured benefits made available.

With Old Mutual SuperFund, you'll enjoy highly sustainable umbrella retirement funding and group death and disability insured benefits in line with industry changes and trends. Where management and responsibility are concerned, you will enjoy significantly reduced employer risk and fiduciary responsibilities and a resultant reduction in workload and stress over time.



Old Mutual Corporate Service Consultants are responsible for the on-going relationship and for ensuring that the transition and fund administration runs smoothly into the future.



Old Mutual has administered retirement funds for over 70 years and has regularly enjoyed recognition by the Institute of Retirement Funds (IRF) for best practices in Communications, by the Principle Officers Association (POA) for Employee Benefits Administrator of the Year, and by our industry peers for Best Group Investments and Best Group Risk service provider.

More than 4 million South African clients depend on Old Mutual's strong operating performance, Old Mutual's AAA rating and strong capital position, as well as the support of Old Mutual, the country's leading financial services provider.

If you are an employer looking to move from a stand-alone retirement fund arrangement or need to join an umbrella fund, consider Old Mutual SuperFund market-leading employee benefit solutions. Our experts are on hand to guide you through the options every step of the way.

CONTACT DETAILS

Contact your Old Mutual Personal Financial Adviser, your intermediary, or an Old Mutual Corporate Consultant in your area for more information or advice.

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Visit our website at www.oldmutualsuperfund.co.za

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