

# University of Stellenbosch Retirement Fund ('the Fund')

## COMMUNICATION POLICY & STRATEGY

Adopted by the board of trustees on 31 July 2015

**The primary objective of the Fund is to provide retirement benefits to members.**

The mission of the board of trustees is to act in the interest of the Fund, to ensure that the Fund remains financially sound and to administer the Fund efficiently so as to enable the disbursement of benefits as outlined in the rules of the Fund. As the Fund is a fixed-contribution retirement fund, the following seven factors will have an impact on whether members achieve their retirement goals, and will be considered by the board of trustees.

Contributions
-
Costs (risk & expenses)
+
Salary growth
+
Return on investment
+
Portfolio in which capital is invested
+
Annuity factor upon retirement and at retirement age
-
Losses due to non-preservation

The board of trustees acknowledges that some of these factors are beyond their control. The board wishes to explain to fund members how these factors may affect the accumulation of retirement benefits. However, where the board of trustees does have control over certain factors, their aim is to manage these factors appropriately.

## 1. Aim of the communication policy

The primary aim and key role of the Fund is to provide retirement benefits and financial security to members, as well as to their dependants should active members pass away. This role is limited to the duration of an individual's membership of the Fund. However, the knowledge and information obtained via Fund communication during this period may remain of value to members throughout their (working and retired) lives.

It is imperative that members timeously receive comprehensive and intelligible information on their fund benefits for them to be adequately equipped to sufficiently plan for their retirement. The information is also important to manage members' reasonable benefit expectations. Information should be arranged according to the abovementioned seven factors that will determine the member's ultimate retirement benefit, but may also include any other relevant information as recommended by the Financial Services Board's various circulars on pension funds.

Although the board of trustees is not responsible to provide members with financial advice, they are committed to ensure that members are aware of the availability of such advice, and know where to obtain it. Where possible, the board should ensure that members have access to the education and information required to prepare for long-term financial security.

This communication policy is based on pension fund circulars PF86, PF90 and PF130.

## 2. Background of the Fund

The Fund's membership profile affects its communication policy.

This profile is as follows:

Item	Details as at 31 December 2014
Fund name	University of Stellenbosch Retirement Fund
Type of fund	Defined-contribution provident fund
Membership	3 268
Geographic distribution of members	Western Cape
Primary languages	Afrikaans – 63% English – 37%
Access to internet/e-mail	90% to 95% of members

### **3. Broad communication strategy objectives**

The broad objectives of the communication strategy are as follows:

- To ensure that all communication with members includes educational and other elements that would encourage individuals to take an active part in their retirement planning.
- To integrate all communication (i.e. ensuring that all correspondence is written in the same plain language and tone; that the style is appropriate for the target reader; that the message remains consistent, etc.).
- To use appropriate media. When members are comfortable with a particular medium of communication, they are more likely to read information and to store it for future reference.

### **4. Communication plan**

The board will at least attempt to ensure that the correspondence and other planned communication as outlined in annexure 1 is generated, and that distribution methods are established to ensure that every member receives all information as envisaged in the communication plan.

The board is committed to the principles of good governance as defined in PF130.

### **5. Language**

Normally, all communication will be made available in Afrikaans and English.

### **6. Financial literacy**

The Fund will strive to improve its members' financial literacy through its communication.

In all communication, the Fund will be particularly mindful of factors such as:

- excessive emphasis on the short term;
- members' tardiness or carelessness in making decisions;
- the human tendency to choose the middle course when presented with options;
- the extrapolation of future trends from past experience;
- a narrow perspective – where members weigh their options in isolation instead of holistically; and
- loss aversion (i.e. members' tendency to respond twice as fiercely to a negative return than to a positive result).

### **7. Communication budget**

All communication with members must be adequate, appropriate and cost-effective. An annual calculation of expenses shall be tabled to the trustees for approval.

# Annexure 1

	Communication item	Intention	Frequency	Medium
<b>PROACTIVE</b>	Membership certificate	To convey the necessary information and confirm the minimum information, as prescribed in PF86 (personal)	Once off, upon joining the Fund	Printed
	General members' guide	To convey the benefits, rules and investment strategy of the Fund	Upon joining the Fund, and as and when benefits change	Printed
	Newsletters	To provide members with more frequent, updated information	Twice a year	Printed/electronic
	Benefit statements	To provide members with updated personal information on their own accumulated fund value	Annually – every March	Printed <i>plus</i> Retirement Fund Web
	Projection statement	Personal statement with estimated values	Annually – every March	Printed <i>plus</i> Retirement Fund Web
	Sent e-mail	To convey information to a particular group of members	Ad hoc	Electronic
	Communication upon exiting the Fund	Personal information on benefit disbursements  Brochure that explains options upon retirement	Upon retirement	Printed
	<b>Communication item</b>	<b>Intention</b>		

<b>REACTIVE</b>	Sanlam Retirement Fund Web  plus SU Human Resources home page	Real-time access to the benefit details and options available to members  Also access to previous Fund newsletters and rules  Available facilities to improve members' understanding of their benefit options and to enable them to take proactive steps to ensure financial security
	Benefit enquiries	Referred to administrators by chief officer/employer
	Complaints	Forwarded to chief officer for an appropriate response