

NEWSLETTER February 2016



UNIVERSITEIT
STELLENBOSCH
UNIVERSITY

FOREWORD

The first newsletter of the 2016 calendar year focuses on the following matters:

- Message from the chairperson
- Commencement of the Taxation Laws Amendment Act (T-Day)
- Benefit and projection statements as at 31 December 2015
- Financial advisory service available to members aged 53 and older
- Deferred retirement
- Investments
- New Year's resolutions
- Retirement Fund Web – your USAF access portal
- Rule amendments
- The board of trustees
- Service providers of the fund
- Important contact details



Message from the chairperson

Welcome back. I trust that you are well rested and ready to tackle the challenges of the year ahead.

The year 2015 also had its share of challenges, not least of which were investment returns. However, the returns on the growth portfolio should be viewed against the backdrop of the tough economic climate. Judging by forecasts, conditions will not get much better in the course of 2016.

The returns on the growth portfolio should be viewed against the backdrop of the tough economic climate.

The anticipated weaker returns on investment will have a considerable impact on members' retirement benefits

The new taxation law, which takes effect on 1 March 2016 (T-Day), is precisely aimed at offering members the chance to set aside more funds for their retirement in a tax-friendly way.

in the short term. In order to ensure a sufficient nest egg, members will therefore have to save more for their retirement.

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Please be assured that the board of trustees remain committed to managing the fund responsibly and cost-effectively.

Best wishes for 2016.

Adv. Fran du Plessis
Chairperson

Commencement of the Taxation Laws Amendment Act (T-Day)

A special newsletter on T-Day was distributed earlier in February. Please note that:

- contributions to retirement

funds (including retirement annuity funds) will be capped at 27,5% of the highest of remuneration or taxable

- income; and the tax deduction will be limited to R350 000 per year.

Benefit and projection statements as at 31 December 2015

Your benefit statement confirms your fund value as at 31 December 2015, your USAF contributions from 1 January to 31 December 2015, as well as your retirement, death and disability benefits. Please verify the information on your benefit statement and contact Peter Kirsten (pkirsten@sun.ac.za) should any of the information be incorrect.

The projection statement included with your benefit statement provides only a guideline to determine the estimated monthly pension at

your normal retirement date. It is important, therefore, to consult a financial advisor before you make any retirement decisions. The actual value of the monthly pension can only be calculated when you purchase the pension upon retirement. Please note that the estimated monthly pension is reflected as a percentage of your monthly pensionable salary. Equally important to note is that the pensionable income used for the projections is 75% of cost of employment for most staff members.

The assumptions on which the projection statements have been based are the same as those used by the retirement calculator on Sanlam's Retirement Fund Web.

In calculating the estimated pension upon retirement, the projection statement of 31 December 2015 also for the first time considers the post-retirement medical-aid subsidy, for which some members may qualify. This is a valuable benefit, which clearly makes quite a difference to your retirement projections.

Financial advisory service available to members aged 53 and older

The board of trustees have decided to further expand the financial advisory service for members with effect from 1 January 2016.

Members aged 53 and older now also have access to this service. Members who are considering applying capital protection from the age of 53 are encouraged to make use of this advisory service.

The five preferred service providers are as follows:

Alexander Forbes Financial Planning Consultants
+27 (0) 21 809 3750 /
wesselsw@aforbes.co.za

Efficient Wealth
+27 (0) 21 914 8030 /
martin@efw.co.za

FinFocus:
+27 (0) 21 861 7000 /
usafadvies@finfocus.co.za

Graviton:
+27 (0) 21 883 9192 /
arissik@gravitonwm.com

Sanlam Financial Advice:
+27 (0) 21 947 6025 /
kobus.swart@sanlam.co.za

USAF covers the cost of two consultations with one of these preferred suppliers. The first consultation may take place at any stage after members' 53rd

birthday, and the second upon retirement. For purposes of quality control, copies of the advice are provided to the principal officer. Making use of this benefit is very simple.

Merely follow the steps below:

1. Choose a service provider.
2. Contact Human Resources (Charné Pool at +27 (0)21 808 9271 / charnep@sun.ac.za) to obtain a consultation voucher.
3. Then make an appointment with your chosen service provider and take along the voucher as proof that you qualify for the service.

Deferred retirement



We would like to remind you that you may now continue your USAF membership after you have retired from Stellenbosch University. Should you be interested in this option, contact Peter Kirsten of the Remuneration and Benefits Division for more information.

Investments

The following table summarises the returns on the growth portfolio up until 31 December 2015:

Period	Returns	Inflation	Inflation plus 5%	Peer group median*	Peer group top quartile**
3 months	4,12%	0,34%	1,57%	3,49%	4,56%
6 months	1,80%	1,84%	4,31%	2,92%	4,18%
12 months	6,01%	4,77%	9,77%	7,97%	9,98%
36 months	14,39%	5,29%	10,29%	13,21%	15,09%
60 months	14,17%	5,53%	10,53%	13,55%	14,82%

* The peer group median represents the investment manager who recorded the middle performance in his peer group. It provides an indication of how other retirement funds may have performed over this period. The peer group benchmarks are derived from the Alexander Forbes survey.

** The peer group top quartile represents the investment managers who performed better than the remaining three quarters of their peer group.

The single-digit returns on the growth portfolio during 2015 are a direct result of the tough economic climate.

We advise members not to place too much emphasis on short-term returns, but rather to focus on long-term performance.

The investment strategy of the growth portfolio is still aimed at the long term.

The investment managers continuously adjust the underlying portfolios in the growth portfolio to changing economic conditions, while the investment committee in conjunction with the investment

consultants continue to monitor the investment managers' returns and make any changes necessary to ensure that members receive market-related returns.

The main reason why the fund performed weaker than the median investment manager performance in 2015 is that the offshore managers both recorded below-benchmark performance.

The trustees view this underperformance in a serious light and are currently taking corrective steps.

In times of low investment

returns, it is important to keep calm and not to take any emotional decisions.

Members who will be retiring in the near future are more affected by the lower returns.

We advise these members to make use of the financial advisory service to adjust their retirement plans to the changing circumstances.

For more information on the performance of the underlying investment portfolios as well as investment prospects for 2016, feel free to visit www.retirementfundweb.co.za and sign in.

New Year's resolutions

It is that time of the year again when we are determined to follow healthier eating regimes, exercise more and be more organised.

With a view to these New Year's resolutions, members may find the following tips useful to get their money affairs in order:

1. Register on Retirement Fund Web

Indien u nog nie op Retirement Fund Web geregistreer het nie, doen dit sommer nou. Met registrasie op Retirement Fund Web ontvang u direkte toegang tot u lidprofiel, waar u u fondskrediet kan nagaan wanneer u ook al die inligting benodig.

2. Visit Retirement Fund Web once a month

Consider making it a habit to check Retirement Fund Web regularly and stay abreast of the latest fund information and any changes that may affect you.

3. Share your fund information with your family

Read through the latest fund summary for active members that explains how the fund works, which investment and contribution options you have available, and which risk benefits (death and disability) apply. Sharing this information with your loved ones will empower them with knowledge on how the fund will take care of you and your family, particularly when you are no longer able to provide. The same applies to the benefit statements that you receive from the fund – feel free also to share this information with your family.

4. Review your retirement plan

Ensure that you review your retirement plan at least once a year. A good time to do this is when you receive your annual benefit and projection statements. Also remember

that you may review your contribution rate every year. In addition, we encourage you to make use of the financial advisory service as soon as you qualify (from age 53).

5. Keep your nominees updated

It is important to keep your registered dependants and nominees updated (on the Oracle self-help platform), as this provides the trustees with an indication of how your benefit should be divided if you should pass away unexpectedly. Your fund benefit will not be paid out in accordance with the stipulations in your will, as it is regulated by the Pension Funds Act. The start of a new year is the ideal time to review your nominees, particularly if you recently got married, had a new arrival in the family, or possibly got divorced. We hope the tips above will help you get your money matters in order in 2016.

Retirement Fund Web – your USAF access portal

Retirement Fund Web offers you 24/7 access to your own fund information. When you sign in on Retirement Fund Web, you will be notified of any new information available. Retirement Fund Web offers you access to:

- the retirement calculator;
- your fund values and benefit statement;
- a membership certificate;
- the fund's monthly investment report;
- the quarterly summary of the growth portfolio; and
- other fund information.

How do you get access to the website?

Simply visit <https://www.retirementfundweb.co.za/>, where you will be able to register or sign in.

Rule amendments

Three amendments were made to the fund rules in the course of the 2015 financial year.

Rule amendment 5 aligned the definition of normal retirement age with members' employment contracts and provides for deferred retirement. The rule amendment was registered and approved on 20 October 2015.

Rule amendment 6 deals with the retirement reserve account. Only members who have transferred their investments from the Pension Fund for Associated Institutions to USAF have values in the retirement reserve account. Rule amendment 6 was

registered and approved on 7 January 2016. It provides that the values of the members concerned are settled at the age of 60 and transferred to the normal fund credit on the settling dates. Members affected by this amendment will receive explanatory correspondence.

Rule amendment 7 relates to the contribution structure, and provides for six new contribution categories above the existing maximum of 20% with effect from 1 March 2016. The rule amendment was registered and approved on 28 January 2016, enabling members to increase their USAF contributions in a tax-friendly way.



The board of trustees

A previous newsletter explained the duties and responsibilities of the board of trustees.
Let's now introduce you to the trustees:

Name	Capacity	Background	Current term expires
Adv. Fran du Plessis	Chairperson and employer representative	Adv. Du Plessis is a chartered accountant and serves on various company boards. She has been serving as a trustee since 1 March 2013.	29 February 2019
Prof. Tobie de Coning	Employer representative	Prof. De Coning is Chief Director: Strategic Initiatives and Human Resources, and has been serving as a trustee since 1 March 2014.	28 February 2017
Prof. Johann de Villiers	Employer representative	Prof. De Villiers is stationed in the Business Management Department and has been serving as a trustee since 1 November 2000.	31 October 2018
Mr Le Roux Burrows	Employee representative	Mr Burrows is stationed in the Economics Department and has been serving as a trustee since 24 July 2002.	6 December 2016
Prof. Wikus van Niekerk	Employee representative	Prof. Van Niekerk is based in the Centre for Renewable and Sustainable Energy Studies, and has been serving as a trustee since 7 December 2013.	6 December 2016
Mr Robert van Staden	Employee representative	Mr Van Staden is the faculty manager of the Faculty of Education and has been serving as a trustee since 7 December 2013.	6 December 2016
Prof. Johann van Rooyen	Employee representative	Prof. Van Rooyen is stationed in the Business Management Department and has been serving as a trustee since 7 December 2010.	6 December 2016
Mrs Gretchen Arangies	Employee representative	Mrs Arangies is Head: Management Services on Bellville Park campus and has been serving as a trustee since 7 December 2010.	6 December 2016
Mr Manie Lombard	Employer representative	Mr Lombard is Chief Director: Finance and has been serving as a trustee since 5 May 2011.	4 May 2017
Prof. Niel Krige	Employer representative	Prof. Krige is the Chairman of the Development Office and has been serving as a trustee since 18 November 2005.	17 November 2017
Dr Mike Lamont	Secunde employee representative	Dr Lamont is stationed in the Business Management Department and has been serving as a secunde since 7 December 2013.	6 December 2016

Mr Japie Kotzé serves as principal officer. Mr Kotzé is a director in the Human Resources Division and has been serving as principal officer since 1 December 2012.

Service providers of the fund

The board of trustees have appointed the following service providers to assist with the management of the fund:

Service provider	Service	Functions performed
Simeka Consultants and Actuaries	Benefit, investment and actuarial advice	<ul style="list-style-type: none">• Advising on the fund's benefit structure and legislative amendments.• Conducting market comparisons to ensure that market-related insurance tariffs are paid.• Assisting with member communication.• Compiling agendas and taking minutes at meetings of the board of trustees.• Assisting with business management oversight compliance.• Assisting with the drafting of an investment strategy and policy.• Assisting with the appointment and assessment of investment managers.• Drafting monthly investment reports.• Drafting an annual actuarial valuation to determine the fund's financial health.
Sanlam Retirement Fund Administrators	Fund administration	<ul style="list-style-type: none">• Capturing monthly contributions.• Transferring and withdrawing funds to/from asset managers.• Paying claims.• Issuing benefit statements.• Daily accountancy and preparations for drafting the annual financial statements.
ABSA Bank	Bankers	<ul style="list-style-type: none">• All fund transactions pass through the fund's bank account.
Old Mutual	Insurer	<ul style="list-style-type: none">• Insuring the promised death benefit (spouse and children's cover) in the fund rules.
Allan Gray Orbis Contrarius Coronation Prudential Investment Solutions	Asset managers	<ul style="list-style-type: none">• Managing fund investments in accordance with the mandate agreed with the board of trustees.

Important contact details

Should you need more information about USAF, you can contact the Remuneration and Benefits Department or the Benefit Consultant. Please contact the Principal Officer if you have any complaints about USAF.

Principal Officer

Japie Kotze

Tel: (021) 808 2754

Fax: (021) 808 2484

E-mail: jjsk@sun.ac.za

Benefit Consultant

Ian Nieuwoudt

Tel: (021) 912 3315

Fax: (021) 912 3341

E-mail: ian@simekaconsult.co.za

Compensation and Benefits Department

Peter Kirsten

Tel: (021) 808 3740

Fax: (021) 808 2484

E-mail: pkirsten@sun.ac.za

Pension Funds Adjudicator (PFA)

E-mail: enquiries@pfa.org.za

Members may approach the PFA if the fund fails to address their complaints to their satisfaction. Please consult the PFA's website (www.pfa.org.za) for more information.