

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

### COMMUNICATION POLICY & STRATEGY

**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.

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

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 Sector Conduct Standard's (FSCA) various circulars, regulations and conduct standards 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, PF130, regulatory standards and King IV.

In addition, the Fund fully supports the spirit of the Treat Customers Fairly (TCF) initiative embarked on by the FSCA. Fund communication will have a strong focus on the TCF principles to ensure that all outcomes are achieved as far as possible.

## 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 2019
Fund name	Stellenbosch University Retirement Fund
Type of fund	Defined-contribution provident fund
Membership	3 623 active members 39 deferred retirees 71 In-fund living annuitants
Geographic distribution of members	Western Cape
Primary languages	Afrikaans – 54% English – 46%
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.
  - Encourage new members joining the Fund, to optimise their contribution percentage from day one.
  - Motivate members to save sufficiently for retirement by them increasing their contributions and preserving any benefits paid by the Fund.
  - Encourage members to timely seek appropriate financial and retirement advice.
- Encourage members to make the appropriate decisions through investment default options as well as sound available member choice selections.
- Remind all members to update their Nomination of Beneficiary forms.
- Educate members on their Group Life Cover benefit options and to improve the understanding of the benefits on offer.
- 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 and King IV.

### 5. Communication Process and Procedures

- 5.1 All formal communication to members will be done on behalf of the Board of Trustees and signed by either the Chairman or the Principal Officer.
- 5.2 The Chairperson and the Principal Officer will determine the need for crisis communication.
- 5.3 The Principal Officer and Chairman of the Board are authorised in terms of a delegation of authority to act as spokespersons, answer public statements, and issue press statements on behalf of the Fund.
- 5.4 Both the communication policy and strategy will be reviewed on a biennial basis to ensure members are well informed and that the Fund complies with any statutory requirements.

### 6. Language

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

**Note:** The retirement industry uses English as its primary language. Communications and presentations can therefore not always be translated into Afrikaans and are thus not always readily available in Afrikaans.

## 7. 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).

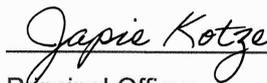
## 8. Communication budget

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

Adopted by the Board on 10 November 2020.



Chairman of the Board



Principal Officer



Date

9 December 2020

Date

## 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	Electronic
	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 February	Printed/electronic <i>plus</i> Retirement Fund Web
	Projection statement	Personal statement with estimated values of a member's projected retirement income replacement ratio.	Annually – every February	Printed/electronic <i>plus</i> Retirement Fund Web
	Ad hoc information	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 and Withdrawal	Printed/electronic Member information sessions / webinars

	Communication item	Intention	Frequency	Medium
	Retirement Benefit counselling	To provide members information about their options available upon exiting the fund and the tax implications of taking money in cash.	Upon exit from the Fund or Employer.	Individual / electronic
	Individual Financial Advice	To provide members access to financial advice.	From the age of 53 and in the year of retirement	Individual
	Communication to In-fund living annuitants	To provide information regarding drawdown rates and sustainability of income.	Annually	Electronic

	Communication item	Intention
<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 principal officer/employer
	Complaints	Forwarded to principal officer for an appropriate response
	Paid-up certificates	To provide exiting members, who preserve their benefits in the Fund with paid-up certificates.