

Stellenbosch University Retirement Fund (SURF): Guide for new members

The Stellenbosch University Retirement Fund (SURF) aims to offer members and their dependants the best available retirement and death benefits for the contributions paid.

This document uses a question-and-answer format to summarise the benefits that SURF offers, and also provides examples of how benefits are calculated. Keep in mind, however, that this is a summary only. Full details are contained in the [official SURF rules](#), which will prevail in the event of any discrepancy.

If anything in this guide is unclear or you require further information, please contact the Human Resources Client Service Centre at +27 (0)21 808 2753 or sun-e-hr@sun.ac.za.

Section A

1. Contributions

1.1 What portion of my remuneration is used to calculate contributions?

Contributions are calculated based on your pensionable salary, which is 75% of your total cost of employment.

1.2 If my pensionable salary is adjusted, when are the SURF contributions and benefits recalculated?

Contributions and benefits are recalculated as from the first day of the month in which your pensionable salary is adjusted.

1.3 How much do I contribute to the Fund?

The minimum contribution to the Fund is 15% of pensionable salary. However, you may select to contribute up to 35% of your pensionable salary.

You are afforded the opportunity to restructure your remuneration package once a year by selecting a contribution category between 15% and 35%, in increments of 2,5% (i.e. 15%, 17,5%, 20%, 22,5%, 25%, 27,5%, 30%, 32,5% or 35%).



1.4 May I make additional contributions?

Yes, if you already contribute at a rate of 35% of your pensionable salary.

1.5 How will my contributions be invested?

Your money will be invested in the Growth portfolio up to the age of 60. This portfolio is known as a high-growth/high-risk option. Once you have turned 60, your investment will be moved to a low-growth/low-risk portfolio according to the life-stage strategy.

From the age of 53, members can also choose to invest their fund value in the following portfolios:

- Growth
- Aggressive Absolute Return
- Conservative Absolute Return
- Capital Protection

The Fund also offers a Shari'ah portfolio option to members who wish to invest their fund value in accordance with the principles of Islamic law.

2. Retirement benefits

2.1 What is the normal retirement age?

You must retire by December of the year in which you turn 65, or as stipulated in your employment contract with SU.

2.2 What will my retirement benefit consist of if I retire at the normal retirement age?

Your retirement benefit is the value of your SURF fund credit, which consists of the sum of the following amounts:

- 2.2.1 Contributions made to the Fund in respect of your retirement benefit
- 2.2.2 Additional contributions that you have made to the Fund in respect of your retirement benefit
- 2.2.3 Transfers made from other funds

Also remember that your fund credit increases or decreases according to the investment income.

2.3 May I retire before the normal retirement age, and if so, how would that affect my benefits?

You may retire at any point after 55, subject to SU's approval. The value of the early-retirement benefit will be your SURF fund credit at that time.

2.4 What options do I have at retirement?

- You may defer your retirement from SURF, which means that you take your retirement benefit at a later stage.
- You may take a part of your retirement benefit as a cash lump sum and buy an annuity



(pension) with the rest, subject to the [retirement reforms that took effect on 1 March 2021](#).

- You may transfer your entire retirement benefit to a retirement annuity fund.

3. Death benefits after retirement

3.1 Is any benefit payable in the event of my death post-retirement?

No, SURF provides no post-retirement death benefits. The payment of death benefits to your spouse and dependants after your retirement depends on the stipulations of the pension product (if any) that you purchased from an insurer when you retired. This is why your choice of pension product is such an important decision.

You will be entitled to cover under the group life insurance scheme, for the amount that you qualify for.



4. Death benefits before retirement

4.1 What benefits are payable if I should die before the normal retirement age and while I am in SU's employ?

SURF fund credit:

Your full SURF fund credit is payable, minus any costs incurred in order to track down potential beneficiaries. This amount will be paid out to your dependants or beneficiaries (or both) as determined by the SURF trustees.

Spouse's pension (if you have not opted out):

The pension payable to your spouse is equal to 35% of your pensionable salary, increasing with inflation, though capped at 10%. Increases are on the anniversary date of the claim. This benefit is payable lifelong.

Children's pension (if you have not opted out):

Pension for children is equal to 10% of your pensionable salary for each dependent child, but limited to three dependent children at any given time. A 'dependent child' is an unmarried person below the age of 18 who depended on you at the time of your death, including a legally adopted child and a stepchild. The trustees may allow the age restriction to be raised from 18 to 25 in the event of full-time students. If the child was completely dependent on you for medical reasons, the age limit may be removed altogether.



EXAMPLE

A married SURF member with children dies with a pensionable annual salary of R200 000 and a SURF fund credit of R100 000. The following benefits will be payable to the deceased's dependants or nominated beneficiaries (as determined by the trustees):

- Single sum: R100 000 (i.e. the member's total SURF fund credit)
- Spouse's pension: R5 833 a month (i.e. 35% of R200 000 a year, divided into 12 monthly payments)
- Children's pension: R1 667 a month per child (i.e. 10% of R200 000 a year, divided into 12 monthly payments)

Should no pension be payable to a spouse, the amount of the children's pension will be doubled. Inflation-linked increases apply, capped at 10%, and increases are on the anniversary date of the claim.

The minimum death benefit payable is twice the amount of your annual pensionable salary. Should the value payable to a spouse or children (or both) come to a smaller amount than the minimum death benefit, an additional amount will be paid out to your dependants to cover the difference.

4.2 How are benefits paid out?

The SURF fund credit is paid out to dependants, nominees or beneficiaries, subject to the trustees' final decision. Please be sure to keep your nomination form up to date; it simplifies the trustees' task of allocating the death benefits.

4.3 Can I convert the spouse's and children's pension (death benefit) into a personal life policy upon termination of employment?

No, there is no conversion option available.

5. Termination benefits

5.1 What benefits are payable if my employment at SU should be terminated?

Your SURF-fund value is split into the following pots with effect from 1 September 2024:

- a) "Vested" pot: contributions up to 31 Augustus 2024, plus growth.
- b) "Savings" pot: 1/3 of contributions from 1 September 2024, plus growth.
- c) "Retirement" pot: 2/3 of contributions from 1 September 2024, plus growth.



When service is terminated, a plus b is payable. C is only accessible at retirement.

5.2 What are my options upon termination of employment?

- You can preserve your credit in the Fund and will then be classified as a paid-up member of the Fund.
- You may transfer your full fund credit (vested pot plus savings pot plus retirement pot) tax-free to another approved provident fund, preservation fund or retirement annuity fund. The vested pot, savings pot and retirement pots within your fund credit will keep their nature when transferred to another approved fund.
- You may take a portion of your fund credit (vested and savings pot) in cash (and pay tax on it). Your vested pot will be taxed according to the [South African Revenue Service \(SARS\) withdrawal tax table and your savings pot will be taxed at your marginal tax rate](#). If a member wishes to take a portion of the vested pot in cash, then the balance of the vested pot, together with the savings and retirement pots, have to be transferred to another approved provident fund, preservation fund or retirement annuity fund.

6. General

6.1 Am I granted a tax break regarding my contributions?

The employer's contributions to SURF are taxed in your hands. Yet you do receive a tax deduction benefit of up to 27,5% of your total taxable income, to a maximum of R350 000 per year. This includes personal annuities.



6.2 Am I taxed on the SURF benefits that are payable to me?

All once-off benefits are taxable, but the Income Tax Act provides for certain tax-free amounts. For instance, a portion of the benefit due upon either retirement or resignation is tax-exempt. Consult [the tax rates](#) for detailed information.

Section B

The disability insurance scheme offers monthly income benefits to members who are declared unfit for work by the insurer.

1. Premiums

SU pays all contributions and premiums associated with the disability scheme as part of your cost to company.

2. Disability benefits

2.1 What happens if I should be declared disabled?

If the insurer declares you medically disabled, you are entitled to a disability benefit under the disability scheme after the waiting period has expired. After twelve months have expired, the scheme must consider whether you will be able to pursue a similar profession for which you may be declared fit or be reasonably expected to receive training, taking into account the degree of your disability as well as your personal knowledge, training and level of education.



PLEASE NOTE: The meaning attached to ‘disability’ is set out in full in the official insurance policy, of which you may request a copy. This guide is only a general summary of the policy benefits. Please consult the policy document itself for the precise formulation of the benefits. All claims are submitted to the insurer who underwrites the scheme, and the insurer’s decision to approve or reject a specific disability claim is final.

2.2 When does the disability benefit become payable?

It becomes payable after the insurer has declared you medically unfit for work and a waiting period of three months has expired. During the waiting period, SU must continue to pay your full remuneration, provided that you have sufficient leave available.

2.3 How is my disability benefit calculated?

The benefit is calculated as 75% of cost to company, capped at a maximum of cost to company less income tax, as defined in the insurance policy and calculated by the insurer.

EXAMPLE

For the past three months, a disability scheme member has been unable to perform his usual job due to illness, and the insurer has granted a claim for disability benefits. The annual cost of employment at the date of onset of the disability is R240 000 (R20 000 a month), so the annual pensionable salary (75% of the cost to company) is R180 000 (R15 000 a month).

Therefore, the monthly disability benefit is R15 000, payable from the fourth month after the disability has been approved. The benefit will be paid tax-free.

Should you earn additional income from other sources, or if the insurer is of the view that you are able to earn additional income, the disability benefit may be reduced accordingly. At any time, the insurer may request that you provide medical evidence to prove that you are still unfit for work. Payment of any disability benefits depends on your abilities, and not on the availability of employment opportunities.

2.4 What happens to my SURF membership while I receive disability benefits?

While disability benefits are being paid out, you remain a full SURF member, and SU will continue to contribute to SURF as if you are still fully employed.

2.5 When would payment of disability benefits be discontinued?

The payment of disability benefits ends:

2.5.1 in the event of your death;

2.5.2 if after due consideration and with reference to the definition of ‘disability’ in the policy document, the insurer concludes that you are no longer medically disabled; or

2.5.3 when you reach the normal retirement age.

2.6 Will my disability income increase over time?

The benefit increases annually on the anniversary date of the claim.