



## PREFACE

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## Chairperson's report

I take pleasure in providing an overview of the past eight months of the 2015 financial year. Local and international economic challenges continued and prospects for the foreseeable future have not improved much. Inevitably, expectations for future returns will have to be adjusted accordingly.

The Board of Trustees held two meetings during the period under review and is functioning well. Four subcommittees have been appointed by the Board of Trustees – the investment committee, audit and risk management committee, benefit and death claims committee, and corporate governance committee.

The four committees each meet on a regular basis and report to the Board of Trustees at board meetings. The next board meeting is scheduled for 11 December 2015.

Local and international economic challenges continued and prospects for the foreseeable future have not improved much.

Both the audited annual financial statements and the actuarial valuation for the year ended 31 December 2014 were approved by the Board of Trustees and submitted to the Financial Services Board in good time. The auditors issued an unqualified audit opinion and the actuary confirmed that the Fund was in a sound financial position.

In closing, I would like to express my sincere thanks and appreciation to the principal officer, my co-trustees and the service providers of the Fund for the role they play in the continued success of the Fund.

Sincerely  
Fran du Plessis  
Chairperson



# Investment performance of the growth portfolio

The table below summarises the growth portfolio returns to 31 July 2015:

Period	Return	Inflation	Inflation plus 5%	Peer group median*	Peer group top quartile**
3 months	-3.13%	1.59%	2.82%	-1.35%	-0.62%
12 months	4.14%	4.74%	9.74%	8.74%	10.37%
36 months	17.16%	5.63%	10.63%	16.29%	17.48%
60 months	15.38%	5.48%	10.48%	14.79%	16.15%

\* The peer group median is the investment manager who performed in the middle of its peer group. This provides an indication of the performance of other retirement funds over these periods. The peer group benchmarks are derived from the Alexander Forbes survey.

\*\* The peer group top quartile constitutes the investment managers who performed better than three-quarters of their peer group.

Although the growth portfolio is managed by asset managers with proven track records, negative investment returns may be recorded in adverse market conditions from time to time. The investment committee of the Board of Trustees, assisted by the investment consultants of the Fund, meets on a regular basis to review the investment returns. The asset managers report to the investment committee at meetings and underperformance by asset managers comes under close scrutiny.

The growth portfolio is sufficiently diversified among asset classes and asset managers to hold its own against current adverse market conditions. The only way to successfully cope with adverse market conditions is to focus on the long term instead of the short term. The lifestage investment strategy that becomes available three years before members' normal retirement date has been established to protect members against unfavourable market

conditions close to retirement. A capital protection option is also available from the age of 53 years, to members who plan to retire early. Furthermore, free financial advice is offered by a panel of preferred service providers to members aged 55 and older. Monthly investment reports, as well as a quarterly summary of the growth portfolio detailing the underlying investment portfolios and returns, are available at <https://www.retirementfundweb.co.za/>

## Retirement Fund Web – your access portal to USRF

**Did you know that 24-hour access to your personal fund information is available on the USRF access portal Retirement Fund Web?**

Retirement Fund Web enables you to:

- use the Pension Calculator
- view your fund values and benefit statement
- print a membership certificate
- view other fund information.

**How do I gain access to the website?**

You can access Retirement Fund Web by visiting <https://www.retirementfundweb.co.za/> to register or log in.

## The Pension Calculator on Retirement Fund Web

The assumptions used by the Pension Calculator to calculate your projected pension at retirement, and those used to compile the annual pension statements, have now been aligned.

It is assumed that if your projected pension is 80% of your pensionable earnings at

retirement you will be able to maintain your standard of living in retirement. The annual pension projection statements confirm whether you are on track to reach this target at retirement. If not, the Pension Calculator enables you to see the impact of an increase in your contributions on your projected

pension at retirement. If you are saving for retirement outside the Fund, the amounts you have already saved and plan to save may also be taken into account. It is recommended that you use the Pension Calculator to determine your contribution rate for 2016.



## Deferred retirement

Very few people understand the challenges associated with early retirement. Deferring retirement from the Fund by five years may have a major impact on the value of the member's monthly pension at retirement. If your projected pension at age 65 is 55% of your pensionable salary, the projected percentage may increase to 77% if retirement is deferred by five years. Members now have a choice to defer retirement from the Fund on retirement at their normal retirement age or on early retirement. How does it work? If you opt for deferred retirement when you retire from the University, your fund credit is invested in the Fund while you

derive income from an alternative source. You may decide when you want to retire from the Fund at a later stage, or rather when you can afford to do this. The University has also given consent for employees who opted for deferred retirement and are re-employed on a temporary basis, to continue to make contributions to the Fund. However, these contributions will not qualify for tax relief. On your death subsequent to exercising the deferred retirement option, your dependants will only receive the accumulated fund credit in the Fund, as the insured death benefits will have ceased on

the date of retirement from the University. The monthly administration fees will be recovered from your fund credit and you will still have access to your fund information via the Fund's access portal Retirement Fund Web until you eventually retire from the Fund. By opting for deferred retirement you will still benefit from the economies of scale applicable to the Fund's administration and investment fees.

If you are interested in exercising the deferred retirement option, contact Mr Peter Kirsten from the Remuneration and Benefit Department for more information.

## Tax-free savings accounts

Tax-free savings accounts have been available from all the leading financial institutions since 1 March 2015. Contributions to tax-free savings accounts are not tax deductible and are limited to a maximum of R30 000 a year. Fines are also imposed on contributions exceeding R30 000 a year. However, the investment return earned in the savings account is tax free. The investor may decide on the composition of the underlying assets of the savings account. Money market portfolios, index funds as well

as equity funds are available. Although a tax-free savings account is more cost effective than unit trust investments, contributing to a retirement fund is the most cost-effective way to save for retirement. However, tax-free savings accounts are suitable for your non-retirement savings needs, such as education costs or accumulating a deposit to buy real estate. If your projected pension at retirement is less than 80% of your pensionable earnings, it makes sense to increase your

USRF contributions to the 20% maximum before you consider a tax-free savings account. If your 20% contribution rate is not sufficient to reach the 80% target additional voluntary contributions can be made to USRF. However, like contributions to the tax-free savings account, these contributions above the 20% limit are not tax deductible. The benefit lies in the fact that the voluntary contributions do not attract any additional administration fees.

## Who is eligible for a spouse's pension if a member dies?

The following people qualify as spouses:

- a spouse from a legal marriage;
- a spouse who is a party to a customary marriage observed among the indigenous people of Africa. However, if a member has more than one spouse only one spouse may be nomi-

nated for benefit purposes;

- a spouse who lived with the deceased member in a deemed marital relationship and did so for more than six months. This includes hetero- and homosexual relationships. However, the onus is on the spouse to prove his/her status

as a spouse on a fund member's death. Therefore members in common law marriages are advised to nominate their spouses as dependants on their beneficiary nomination forms and insure them under the University's compulsory spouse's insurance scheme.



# Financial advice to members aged 55 years and older

You are reminded that USAF offers financial advice by five preferential service providers to members aged 55 years and older. The five preferential service providers are as follows:

**Alexander Forbes Financial Planning Consultants:** (021) 809 3750; [wesselsw@aforges.co.za](mailto:wesselsw@aforges.co.za)

**FinFocus:** (021) 861 7000; [usafadvies@finfocus.co.za](mailto:usafadvies@finfocus.co.za)

**Graviton:** (021) 883 9192; [arissik@gravitonwm.com](mailto:arissik@gravitonwm.com)

**Sanlam Financial Advice:** (021) 947 6025; [kobus.swart@sanlam.co.za](mailto:kobus.swart@sanlam.co.za)

**Efficient Wealth:** (021) 914 8030; [martin@efw.co.za](mailto:martin@efw.co.za)

USAF pays for two consultations with one of the preferential service providers. The first consultation can take place at any time after the age of 55 and then again when the member retires. As part of a quality control process, copies of the advisory notes will be provided to the principal officer.

## The steps listed below must be followed:

1. Decide on a service provider.
2. Contact Human Resources (Charné Pool: (021) 808 9271 / [charnep@sun.ac.za](mailto:charnep@sun.ac.za)) to obtain a consultation voucher.
3. Then make an appointment with your chosen service provider and take the voucher with you as proof that you may use the service.

## 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](mailto:jjsk@sun.ac.za)

### Benefit Consultant

#### Ian Nieuwoudt

Tel: (021) 912 3315

Fax: (021) 912 3341

E-mail: [ian@simekaconsult.co.za](mailto:ian@simekaconsult.co.za)

### Compensation and Benefits Department

#### Peter Kirsten

Tel: (021) 808 3740

Fax: (021) 808 2484

E-mail: [pkirsten@sun.ac.za](mailto:pkirsten@sun.ac.za)

### Pension Funds Adjudicator (PFA)

E-mail: [enquiries@pfa.org.za](mailto:enquiries@pfa.org.za)

Members may approach the PFA if the Fund has not handled their complaints adequately. Please consult the PFA website ([www.pfa.org.za](http://www.pfa.org.za)) for more details.