



FOREWORD

The first newsletter of the 2015 calendar year focuses on the following matters:

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Chairperson's report

I would like to glance back at the past financial year, which ended on 31 December 2014. The year featured huge challenges at local as well as at international level. Single-digit investment returns and lower expected future returns were some of the most important consequences.

The Board of USAF Trustees held three meetings during the year. Significant matters, including report-back of the four subcommittees of the Board of Trustees, were dealt with at the Board meetings. These meetings and regular feedback from the subcommittees form part of the continued and efficient functioning of the Fund.

The change in administrators, actuaries and consultants on 1 March 2014 went smoothly. Many thanks to the previous and present service providers for the professional manner in which the change was handled.

The Board of USAF Trustees placed an emphasis during the year on appropriate financial advice for members before and on retirement. To

this end, a panel of preferential service providers was appointed in August 2014, with the idea of expanding such advice to all members in future.

Another strong focus was on simpler and more regular communication, and this newsletter is a sign of this. Newsletters are now being sent out more regularly, and the November 2014 newsletter had a new cover. More inventive methods of communication are currently also being investigated for future use.

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I conclude by expressing my sincere thanks and appreciation to the principal officer, my fellow 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

Investments

The table below gives an overview of the short-term and long-term yields of the growth portfolio, as on 31 December 2014:

Period	Return	Inflation	Inflation plus 5%	Peer group median*	Peer group top quartile**
3 months	0.85%	0.18%	1.41%		
12 months	9.06%	5.80%	10.80%		
36 months	18.61%	5.57%	10.57%		
60 months	15.76%	5.28%	10.28%	14.67%	16.62%

* The peer group median represents a manager who performed in the middle of his peer group. It gives an indication of how other retirement funds could have fared over the period. The peer group criteria are derived from an Alexander Forbes survey.

** The peer group top quartile represents a manager who fared better than three-quarters of his peer group.

During the 2014 calendar year, the South African economy came under strain owing to consumers' heavy burden of debt, a prolonged strike in the motor industry, sluggish economic growth, a weakening rand, the outflow of capital, load shedding, the fall of African Bank, a deficit on the current account of the balance of payments, as well as a growing budget deficit. On the international front, the American economy began recovering, growth in the European economy was still faltering and growth in China and India began levelling off. The prices of commodities such as

coal and iron ore decreased, the conflict between Russia and the Ukraine boiled over and the Japanese economy was in recession.

In spite of the difficult domestic and international economic circumstances, the growth portfolio still produced a commendable yield of 9.06%.

At the end of the year there was a positive development in the form of lower oil prices, which averted the danger of rising inflation and the consequent increases in interest rates in the near future. With the exception of the beneficial effect of declining fuel prices,

the domestic and international economy still faces huge challenges in 2015.

As the Fund utilises highly rated investment managers who will adjust the exposure of the growth portfolio to changing economic circumstances, there is no reason for unnecessary concern.

Members will naturally have to adapt their expectations of yields to the changing economic circumstances.

A monthly investment report with more details about the underlying investment portfolios and returns is available at <https://www.retirementfundweb.co.za/>.

New legislation

New legislation has the following impact on members:

Although a free-standing scheme provides the monthly disability benefit and it is not part of USAF, you are reminded that the tax liability of the premiums for the monthly disability scheme will change on 1 March 2015. From this date, the monthly contribution to the scheme will still be taxed as a fringe benefit in

your hands, but the contribution can no longer be deducted from tax. This can be explained by means of the following example:

If you earn a pensionable salary of R25 000 per month, the monthly contribution to the disability scheme of R97.50 (R25 000 x 0.39%) will therefore be added to your monthly taxable income.

The good news, however, is that if you become disabled for work,

the payment of the benefit is exempt from tax from 1 March 2015. The new legislation also provides for a new investment product from 1 March 2015, to be called Tax-Free Savings Accounts.

After 1 March 2015 you will also be able to withdraw your funds from USAF later than your retirement date. More details about these two changes will follow in the next newsletter.



Benefit and projection statements

as on 31 December 2014

Your statement of benefits as on 31 December 2014 confirms the amount transferred from Alexander Forbes to Sanlam on 1 March 2014, the contributions for retirement from 1 March 2014 to 31 December 2014, as well as benefits on leaving employment, or death and disability benefits.

Please check the information on the statement of benefits and contact Peter Kirsten (pkirsten@sun.ac.za) if any information on the statement is incorrect.

The projection statement is merely a guideline to determine the estimated monthly pension at the normal retirement date. The actual value of the monthly pension can only be determined when the pension is purchased

on retirement. Please note that the estimated monthly pension is reflected as a percentage of your monthly pensionable income.

It is important to note that the pensionable income used for the projections amounts to 75% of the cost to company for most staff members.

The retirement age has been increased from 60 to 65 years since issuing the previous projection statements, and this has a substantial influence on the estimated monthly pension at the normal retirement date.

We are aware that the projections in the attached projection statements differ from the projections currently appearing on the website of the Sanlam Retirement Fund.

The projections differ because the attached projection statements were based on your information as on 31 December 2014, as well as on revised underlying assumptions. The Sanlam Retirement Fund website uses the data and underlying assumptions as on the date of the withdrawal of the information. The Sanlam Retirement Fund website will reflect the revised assumptions from 1 May. Furthermore, it is important to regard both projections as guidelines only, not as exact figures.

That is why it is important for you to make any decisions about retirement in consultation with your adviser, who can do a holistic analysis of your financial position.

The management of the Fund

USAF is managed by a Board of Trustees. Five trustees are appointed by the employer and five trustees are elected by the members.

The trustees are appointed/elected for a period of three years and after that they can be retained (employer trustees) or re-elected (employee trustees).

The Board of Trustees is led by a chairperson and meets at least three times a year.

The duties of the trustees include the following:

- Managing the Fund in accordance with the rules of the Fund and applicable legislation.
- Appointing and monitoring the service providers.
- Protecting the interests of members by always acting in good faith.
- Avoiding any conflict of interests.
- Allocating the death benefits in accordance with section 37C of the Pension Funds Act.
- Communicating effectively with members.
- Monitoring the payment of contributions.

A principal officer is appointed by the Board of Trustees.

The principal officer is responsible for carrying out the trustees' decisions and the daily monitoring of service providers.

The Board of Trustees currently consists of the following members:

Name	Capacity	Originally elected /designated as trustee	Current term expires
Adv. FA. du Plessis	Chairperson and Employer Representative	01/03/2013	28/02/2016
Prof. T.J. de Coning	Employer Representative	01/03/2014	28/02/2017
Prof. J.U. de Villiers	Employer Representative	01/11/2000	31/10/2015
Mr L.R. Burrows	Employee Representative	24/07/2002	06/12/2016
Prof. J.L. van Niekerk	Employee Representative	07/12/2013	06/12/2016
Mr R.W. van Staden	Employee Representative	07/12/2013	06/12/2016
Prof. J.H. van Rooyen	Employee Representative	07/12/2010	06/12/2016
Ms G. Arangies	Employee Representative	07/12/2010	06/12/2016
Mr H.A.J. Lombard	Employer Representative	05/05/2011	04/05/2017
Prof. J.D. Krige	Employer Representative	18/11/2005	17/11/2017

Mr J.J.S. Kotze acts as principal officer.

The service providers of the Fund

The following service providers have been appointed by the Board of Trustees to assist with the management of the Fund:

Service provider	Service	Functions performed
<ul style="list-style-type: none"> ● Simeka Consultants & Actuaries 	Benefit, investment and actuarial consulting.	<ul style="list-style-type: none"> ● Advising on the Fund's structure of benefits and changes in legislation. ● Doing benchmarking exercises to ensure that market-related rates are paid for insurance. ● Helping to communicate with members. ● Compiling the agendas and keeping the minutes of the meetings of the Board of Trustees. ● Helping to comply with corporate governance. ● Helping to formulate an investment strategy and investment policy. ● Helping to designate and evaluate investment advisers. ● Compiling the monthly investment reports. ● Compiling an annual actuarial valuation to determine the financial soundness of the Fund.
<ul style="list-style-type: none"> ● Sanlam Retirement Fund Administrators 	Fund administration	<ul style="list-style-type: none"> ● Capturing the contributions monthly. ● Transferring and withdrawing funds to and from the asset managers. ● Paying claims. ● Issuing benefit statements ● Daily bookkeeping and preparation for compiling the annual financial statements.
<ul style="list-style-type: none"> ● ABSA Bank 	Bankers	<ul style="list-style-type: none"> ● All the Fund's transactions flow through the Fund's bank account.
<ul style="list-style-type: none"> ● Old Mutual 	Insurer	<ul style="list-style-type: none"> ● Insuring the promised death benefit (spouse and child cover) in the Fund's rules.
<ul style="list-style-type: none"> ● Allan Gray ● Orbis ● Contrarius ● Coronation ● Prudential ● Investment Solutions 	Asset Managers	<ul style="list-style-type: none"> ● Managing the investments of the Fund in terms of the mandate agreed upon with the Board of Trustees.

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

FinFocus: (021) 861 7000; usafadvies@finfocus.co.za

Graviton: (021) 883 9192; arissik@gravitonwm.com

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

Verso Investment Services: (021) 914 8030; martin@versois.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) 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.

The updating of nominee forms

It is very important to update the particulars of your dependants and nominees regularly, as this is very useful when death benefits are distributed.

In terms of section 37C of the Pension Funds Act, all dependants must be taken into account when death benefits are distributed. A dependant is a person for whom the deceased was legally responsible for maintenance. It could also be a person for whom the deceased was not legally responsible for maintenance, but who was in fact maintained by the deceased. Spouses and children are always regarded as dependants. No

distinction is made between children who were born legitimately or illegitimately, adopted children or children born after the death of the deceased.

The distribution of the death benefit is determined largely by the degree of dependency. A dependant who depended fully on the deceased will therefore be able to claim a larger share of the death benefit than a dependant who was only partially dependent. Nominees are only considered once all the needs of the dependants have been taken into account.

The contents of the Will,

which distributes the assets in the deceased's estate, are taken into account in the distribution of death benefits. This does not, however, disqualify dependants who have not been designated as beneficiaries in the Will, from receiving the death benefits provided by USAF.

The particulars of dependants and nominees are kept electronically on Oracle Employee Self Service ("ESS") and can be updated there. Please use the abovementioned guidelines when you register dependants and nominees for the first time or when you update the particulars.

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

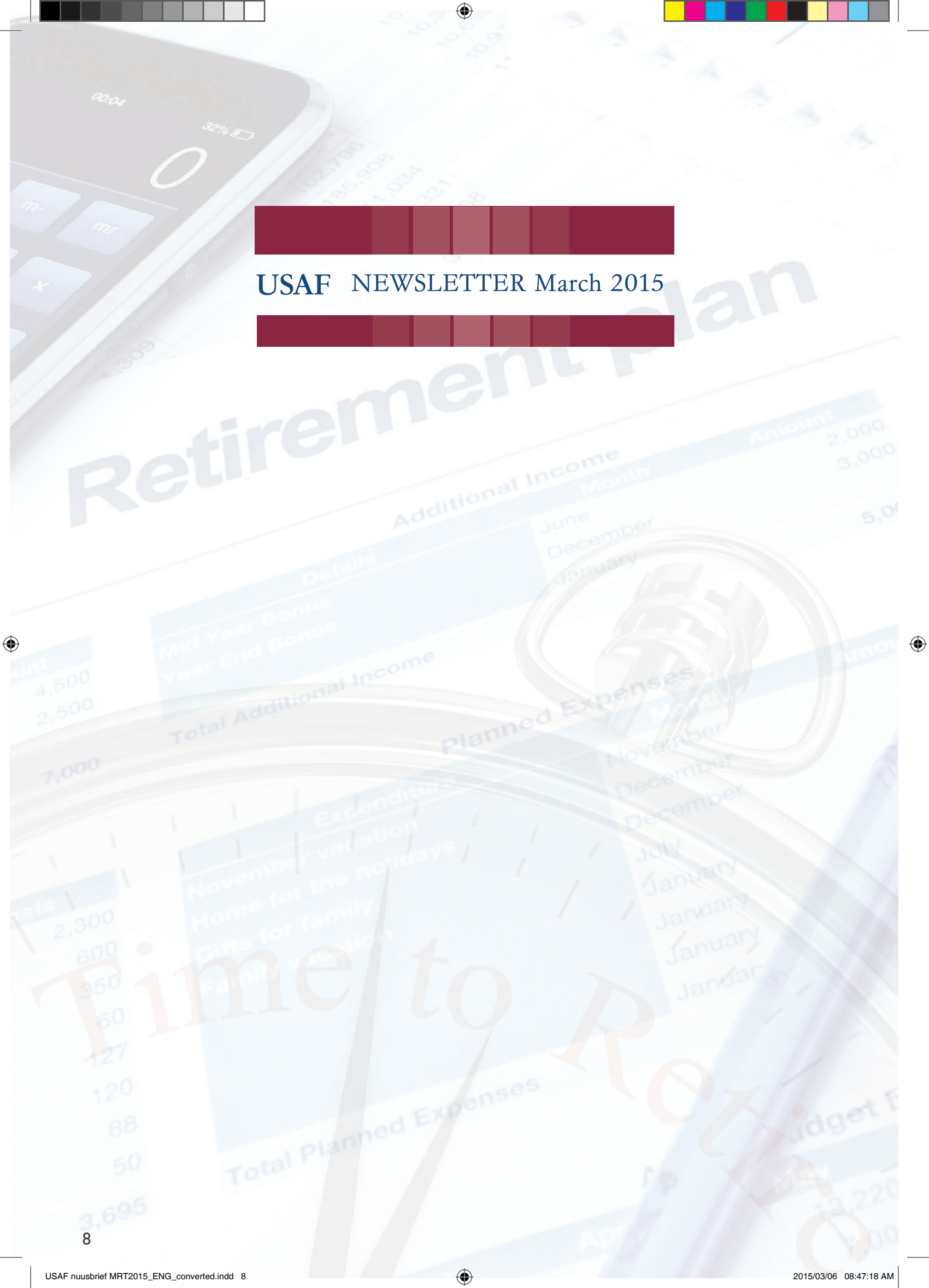
E-mail: pkirsten@sun.ac.za

Pension Funds Adjudicator (PFA)

E-mail: enquiries@pfa.org.za

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





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Retirement Plan

Additional Income		Month	Amount
Mid Year Bonus		June	2,000
Year End Bonus		December	3,000
Total Additional Income		January	5,000

Planned Expenses		Month	Amount
November vacation		November	
Home for the holidays		December	
Gifts for family		December	
Family vacation		July	
		January	
		January	
		January	
		January	
Total Planned Expenses		January	

Time to Retire