



### CONTENTS

- Message from the Chair
- Investment returns
- Benefit and projection statements
- Who is responsible for making sure you have a carefree retirement?
- Financial advice to members aged 53 and older
- Retirement Fund Web – your access portal to USRF
- Rule amendments
- Fund management
- The service providers of the Fund
- Important contact details

### Message from the Chair

Welcome in 2017! At the beginning of 2016 we cautioned that uncertain economic times would probably continue into 2016 and would have a negative impact on investment returns. Despite the economic volatility it is pleasing to note that the Growth Portfolio achieved a net return of 11.44% for the 2016 calendar year. Investment prospects for 2017 are somewhat more favourable but significant risks are still prevalent in local as well as international markets, and return expectations should be adjusted accordingly.

The Board of Trustees' aim is to equip members with the knowledge and facilitate the structures required to ensure good retirement outcomes for members. I am pleased to confirm that a large number of USRF members responded to the call to increase contributions. The contribution increases will ensure a better outcome for members on retirement.

The Board of Trustees strives to keep up to date with developments in the retirement fund industry.

The In-Fund Living Annuity option, available from 1 January 2017, has been well received by the members and panel of financial advisers. Eight members who retired at the end of December 2016 made use of this option. In addition, nine members who retired from the University on 31 December 2016 utilised the deferred retirement option.

A smartphone app will soon be made available to you, making your USRF information even more accessible.

Regards

Adv. Fran du Plessis  
Chairperson



# Investment returns

The table below summarises the Growth Portfolio returns to 31 December 2016:

Period	Return	Inflation	Inflation plus 5%	Peer group median*	Peer group quartile**
12 months	11.44%	6.61%	11.61%	3,10%	4,36%
36 months	8.81%	5.72%	10.72%	7.48%	8.42%
60 months	14.56%	5.62%	10.62%	12.59%	14.06%

\* The peer group median is the investment manager that 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 top quartile constitutes the investment managers who performed better than three-quarters of their peer group. The peer group benchmarks are derived from the Alexander Forbes survey.

You are urged not to focus too much on short-term investment returns. It is pleasing to note that the Growth Portfolio outperformed the peer group top quartile over the above periods to 31 December 2016.

For more information on the returns achieved by the underlying portfolios please visit <http://www.retirementfundweb.co.za>

## Benefit and projection statements as at 31 December 2016

Your benefit statement confirms your fund value as at 31 December 2016, as well as your retirement contributions from 1 January to 31 December 2016, and retirement, death and disability benefits. Please check the information on your benefit statement and contact Human Resources (Charné Pool at +27 (0)21 808 9271 / charnep@sun.ac.za) if the information on the statement is incorrect. The projection statement accompanying your benefit statement only serves as a guideline to determine the estimated monthly pension as at the normal retirement date. Therefore it is important

that you make retirement decisions in consultation with a financial adviser. 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 cost of employment for most staff members. The assumptions on which the projection statements are based, are the same as those used by the Retirement Calculator on Sanlam Retirement Fund Web.

In calculating the estimated pension on retirement, the 31 December 2016 projection statement also takes into account the post-retirement medical fund subsidy some members qualify for. This is a valuable benefit and demonstrates the difference it makes to your retirement projections.



# Who is responsible for making sure you have a care-free retirement?

All of us want to retire with enough money when we stop working in the future. In many cases your retirement savings are not only important for yourself, but also have a significant impact on your family, whom you may need to support after retirement. The question is: Who is responsible for making sure you have a carefree retirement?

Research was undertaken to establish whether the fact that members belong to a retirement fund means they are prepared for retirement.

The results of the 2016 Sanlam Benchmark® Survey indicated that 87% of employee respondents believe it is their employer's responsibility to ensure that employees retire with a reasonable pension. Quite a scary statistic was that only 35% of pensioners believe their retirement savings will last for the rest of their lives.

The survey also showed that 58% of pensioners have adult dependants, such as a spouse, children, parents or other adults, who are (still) financially dependent on them after retirement.

## So, is Government responsible for your retirement?

Government pays an old age grant (commonly known as the government pension) of R1 500 a month to individuals aged 60 and over, subject to a means test.

*The means test enables Government to determine whether you qualify for a government pension or if you have the (financial) means to support yourself, and what amount of assistance (if any) you may qualify for.*

The means test is based on one's income as well as one's assets (e.g. investments, owning a home).

You will not qualify for the government pension if you receive/own income and/or assets above the following limits:

	Income	Assets
Single person	R69 000 p.j. (R5 750 p.m.)	R990 000
Married person	R138 000 p.j. (R11 500 p.m.)	R1 980 000

Note: A sliding scale will apply if your income is between R2 250 and R5 750 p.m.

As a result, if you receive an income of R5 750 p.m. or more you will not receive a government pension after age 60. It is therefore best to make adequate provision for retirement, thus ensuring that you are able to maintain your lifestyle into retirement.

## Is your employer responsible?

In the nineties, most retirement funds changed from a defined benefit to a defined contribution structure – i.e. from pension to provident funds. In the defined benefit structure members' retirement benefits were guaranteed by the fund. This meant the employer carried all the investment risk to ensure that the guaranteed benefit could be paid when the member retired. Members were not required to make so many retirement planning decisions and they relied heavily on the employer. However, things have changed. In the

current defined contribution structure, like that of USRF, the benefit you receive on retirement is no longer guaranteed, and is subject to various factors. Most importantly, as the member you carry the investment risk. Over the years further developments such as individual member choice came into effect with regard to contributions. Members needed to start making choices about how much they wanted or needed to save for retirement, and how these contributions had to be invested in order to retire with a

reasonable pension.

However, research has shown that members are often unable to make the tough decisions required to ensure a good retirement outcome. Yet, in most cases the retirement fund is their only retirement savings vehicle. Employees are still heavily reliant on their employer to provide a suitable retirement funding mechanism, as well as to provide guidance on financial matters.

**Did you know that a retirement fund is the most cost- and tax-efficient vehicle to use for retirement planning purposes!**

## Is it a shared responsibility?

Three important decision-making parties are involved to ensure good retirement outcomes for members, namely: the retirement fund, the member and the employer.

The fund has to provide the necessary structures;

The member has to make sound decisions with regard to contributions and investment portfolios; and

The employer has to facilitate the process between the member and the fund.

The National Treasury (Government) and the Financial Services Board (the body that regulates retirement funds in South Africa) also play a role by providing a strong regulatory framework which retirement funds must comply with, to ensure good retirement outcomes for members.

# HOW DO ALL THESE PARTIES WORK TOGETHER TO ENSURE GOOD RETIREMENT OUTCOMES FOR MEMBERS?

SAVING FOR RETIREMENT IS VERY SIMILAR TO PLANNING A ROAD TRIP

Step 1: You must have a destination in mind, else you won't know where you'll end up

Few members are able to project how much money they will need at retirement to buy a pension that will provide them with a comfortable income for the rest of their lives.

A useful way to determine how much money you will need, is to aim to replace a percentage of your salary to maintain your current standard of living in retirement. This percentage of salary is called your estimated replacement ratio (ERR). A good guide is to try and aim for an ERR of 80% of your pensionable salary just before you retire.

ACCORDING TO THE SANLAM BENCHMARK® SURVEY ONE IN FIVE RETIREES ONLY FOUND OUT ABOUT THE VALUE OF THEIR ACCUMULATED SAVINGS THREE YEARS BEFORE RETIREMENT!

Step 2: You must have a reliable car and a roadmap to get you to your destination

Your retirement fund could be seen as the reliable car that can get you to your destination. However, without a roadmap, you could end up getting lost. Likewise, your retirement fund has to provide you with a suitable structure to help you reach your retirement goal. For this reason, USRF has implemented various default choices to assist members to steer their way through the various Fund choices in respect of contribution rates and investment portfolios. By choosing the Fund's default options, you don't have to make the difficult decisions yourself.

THE SANLAM BENCHMARK® SURVEY SHOWED THAT 84% OF MEMBERS ARE INVESTED IN DEFAULT INVESTMENT OPTIONS.

Step 3: You must fuel up to reach your destination

As the driver of the car, you must ensure that you fill up with enough fuel and that your car's engine has enough oil

in it to reach your destination.

There are two main factors which will ensure that you reach your retirement goal:

- One is the contributions you make to your retirement fund, i.e. the total contribution percentage that you contribute towards retirement savings each month. The more you contribute, the better your chance of reaching your retirement goal.
- The other is the investment portfolio(s) that you invest your contributions in. USRF offers a financial advisory service free of charge to members aged 53 and older, to assist them in making the appropriate investment choices.

Step 4: You must maintain and service your car

While on your way to retirement, you should stop and check whether you are still on track. USRF provides you with a Retirement Projection Statement each year reflecting your estimated replacement ratio (ERR). Should your ERR be lower than expected or required to maintain your current lifestyle at retirement, you would need to consider taking action. Your employer provides you with an opportunity to review your contribution rate each year. Switch to a higher contribution rate if necessary.

DID YOU KNOW THE AVERAGE ERR OF MEMBERS OF USRF WAS 50% IN 2015, THE MAIN REASONS BEING TOO LOW CONTRIBUTION RATES, AS WELL AS NOT PRESERVING OR TRANSFERRING RETIREMENT BENEFITS FROM THE PREVIOUS EMPLOYER INTO THE FUND.

THE 2016 SANLAM BENCHMARK® SURVEY REVEALED THAT ONLY 20% OF PENSIONERS HAVE SUFFICIENT SAVINGS TO MAINTAIN THEIR CURRENT STANDARD OF LIVING IN RETIREMENT.

Step 5: Keep driving to your destination

When you change jobs, you should avoid cashing in your retirement benefit and spending it at that point. When leaving the University your retirement savings should be preserved, as it forms part of your personal retirement

plan. Using your retirement savings to settle short-term debt, pay for living expenses between jobs, or to finance home improvements, means that you will have to start saving for retirement from scratch, sometimes at a very late age, which will not get you to your retirement goal.

THE 2016 SANLAM BENCHMARK® SURVEY SHOWS THAT MORE THAN TWO-THIRDS OF PENSIONERS INDICATED THAT THEY DID NOT PRESERVE THEIR SAVINGS WHEN CHANGING JOBS. 48% OF THOSE WHO WITHDREW THEIR RETIREMENT SAVINGS SAID THAT LATER IN LIFE THEY REGRETTED DOING SO!

Step 6: Reach your destination

Reaching your retirement age and your retirement goal will mean that you can continue with your current standard of living in retirement. However, if you are nearing retirement and it does not look like you will reach your retirement goal you still have some options available to you. Since 1 March 2015, you have the option of leaving your money in USRF to grow some more while you get a second job to cover your living expenses, until such time that you have saved enough money to finally retire. You will be a "deferred retiree".

Although a driver is responsible for ensuring their car is serviced and maintained, this does not imply that they need to know every detail involved.

Drivers cannot be expected to have the same level of understanding of their cars as a mechanic does. Similarly, on the retirement planning journey, members cannot be expected to know everything about contributions and investment choices – it is therefore important that the fund and the employer have good default and advice options in place.

This is where the retirement funds, employers and their consultants play an essential and a collaborative role in ensuring good retirement outcomes for their members.

Did you know that if you:

- contribute at least 18% to USAF
- for a period of 40 years
- you should be able to achieve an ERR of 80%.

## Members still carry the final responsibility

Employers and funds have a role in educating members to achieve their retirement goals. Given their unique position, they can facilitate a good savings structure and the education process between the members and the fund. Fortunately, the great majority of employers do feel they have a responsibility to enable good retirement outcomes for members. However, members still carry the final responsibility for their overall retirement outcomes.

Here are some tips on what you can do to retire comfortably:

- Use the Retirement Calculator on Retirement Fund Web to calculate your estimated replacement ratio and see if you're on track towards a comfortable retirement.
- Increase your contributions at the annual option date, if necessary.
- Preserve your retirement benefit when changing jobs.
- Avoid retiring early. If you are able to work after you have retired, consider the deferred retirement option.



## Fund management

The USRF Board of Trustees consists of five employer and five employee representatives. At the end of 2016, you were afforded the opportunity to elect employee representatives to the Board of Trustees. Three of the serving employee representatives were re-elected by the members, thus maintaining knowledge and continuity to the benefit of members.

Let us familiarise ourselves with the trustees:

Name	Capacity	Background	Current term ends
Adv Fran du Plessis	Chair and Employer Representative	Adv. Du Plessis is also a chartered accountant and serves on the boards of various companies. She has been a trustee since 1 March 2013.	28 February 2019
Prof Tobie de Coning	Employer Representative	Prof. De Coning is Chief Director: Strategic Initiatives and Human Resources and has served as a trustee since 1 March 2014.	19 June 2018
Prof Johann de Villiers	Employer Representative	Prof. De Villiers is from the Department of Business Management and has served as a trustee since 1 November 2000.	31 October 2018
Mnr Le Roux Burrows	Employee Representative	Mr Burrows is from the Department of Economics and has served as a trustee since 24 December 2002.	6 December 2019
Prof Wikus van Niekerk	Employee Representative	Prof. Van Niekerk is the Director of the Centre for Renewable and Sustainable Energy Studies and has been a trustee since 7 December 2013.	6 December 2019
Mnr. Peter Kirsten	Employee Representative	Mr Kirsten works in the Remuneration & Benefits Division of the Human Resources Department. He is a newly elected trustee.	6 December 2019
Prof Johann van Rooyen	Secundus Employee Representative	Prof. Van Rooyen is from the Department of Business Management and has been a trustee since 7 December 2010.	6 December 2019
Mev Gretchen Arangies	Employee Representative	Mrs Arangies is Head of Bellville Park Campus Management Services and has been a trustee since 7 December 2010.	6 December 2019
Mnr Manie Lombard	Employer Representative	Mr Lombard is Chief Director: Finances and has served as a trustee since 5 May 2011.	4 May 2017
Prof. Suzette Viviers	Employee Representative	Prof. Viviers is from the Department of Business Management and is a newly elected trustee.	6 December 2019
Prof Niel Krige	Employer Representative	Prof. Krige is Chairman of the Development Office and has been a trustee since 18 November 2005.	17 November 2017

Mr Japie Kotzé is the principal officer. He is a director of the Human Resources Department and has been the principal officer since 1 December 2012.

## FINANCIAL ADVICE AVAILABLE TO MEMBERS AGED 53 AND OLDER

Once again, remember that USRF offers a financial advisory service free of charge to members aged 53 and older, provided by a panel of five preferred service providers.

The service providers are:

Alexander Forbes Financial Planning Consultants:  
+27 (0) 21 809 3750 / wesselsw@aforges.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 Finansiële Advies:  
+27 (0) 21 947 1291 / karl.parks@sanlam.co.za

USAF will pay for two consultations with one of the preferred service providers. The first consultation may be scheduled any time from age 53, and the second one on retirement.

Using the benefit is easy – just follow these steps:

1. Select 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. Make an appointment with your chosen service provider and present the voucher as proof that you are entitled to use the service.

## Retirement Fund Web – your access portal to USRF

Retirement Fund Web offers 24/7 access to your own fund information. You will soon be able to access USRF via a smartphone app. More information on the availability of the app will follow shortly.

When you log on to Retirement Fund Web you will be notified of any new information available.

Retirement Fund Web gives you access to:

- the Retirement Calculator
- your fund values and benefit statement
- a membership certificate
- the monthly investment report of the Fund
- the quarterly fact sheets of the investment portfolios
- other fund information.

How do I access Retirement Fund Web? You are now redirected to the Sanlam Secure Services website when you visit <https://www.retirementfundweb.co.za/> Here you are prompted to register using your fund membership number. Your fund membership number is reflected on your benefit statement. This forms part of Sanlam's digital strategy to give you access to all your Sanlam insurance and savings products via one portal.

## Rule amendments

One rule amendment was made to the Fund rules in the 2016 financial year. Rule amendment no. 8 makes provision for:

- a) In-fund living annuities;
- b) The option for members to limit the annual contributions to the maximum deductibility level (R350 000) in the Income Tax Act; and
- c) The introduction of policy documents and protocols by the Board of Trustees.

The rule amendment was registered and approved for tax purposes on 6 October 2016.

# 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. Their duties are set out below:

Service Provider	Service	Functions performed
Simeka Consultants & Actuaries	Benefit, investment and actuarial advice	<ul style="list-style-type: none"> <li>• Advice on the Fund's benefit structure and changes in legislation.</li> <li>• Benchmarking to ensure market-related insurance rates are paid.</li> <li>• Assistance with member communication.</li> <li>• Setting up agendas and keeping minutes of meetings held by the Board of Trustees.</li> <li>• Assistance with corporate governance compliance.</li> <li>• Assistance with drafting an investment strategy and policy.</li> <li>• Giving support with selection and evaluation of investment managers.</li> <li>• Producing monthly investment reports.</li> <li>• Producing an annual actuarial valuation to determine the financial soundness of the Fund.</li> </ul>
Sanlam Retirement Fund Administrators	Fund administration	<ul style="list-style-type: none"> <li>• Monthly capturing of contributions.</li> <li>• Transfer and withdrawal of funds to and from the asset managers.</li> <li>• Payment of claims.</li> <li>• Issuing benefit statements.</li> <li>• Daily bookkeeping and preparation of the annual financial statements.</li> </ul>
ABSA Bank	Bankers	<ul style="list-style-type: none"> <li>• All fund transactions take place via the Fund's banking account.</li> </ul>
Momentum	Insurer	<ul style="list-style-type: none"> <li>• Insures the death benefit (cover for spouse and children) as defined in the Fund rules.</li> </ul>
Willis Towers Watson Allan Gray Coronation Prudential Investment Solutions	Asset managers	<ul style="list-style-type: none"> <li>• Managing the investments of the Fund according to the mandates agreed with the Board of Trustees.</li> </ul>
PWC	Audit	<ul style="list-style-type: none"> <li>• External audit</li> </ul>



# Important contact details

If you need more information on USRF you may contact the Remuneration and Benefits Department of the benefit consultant. Please contact the principal officer if you have any complaints about USRF.

## Principal Officer

**Japie Kotze**

T: (021) 808 2754

F: (021) 808 2484

E: [jjsk@sun.ac.za](mailto:jjsk@sun.ac.za)

## Benefit Consultant

**Ian Nieuwoudt**

T: (021) 912 3315

F: (021) 912 3341

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

## Remuneration and Benefits

**Peter Kirsten**

T: (021) 808 3740

F: (021) 808 2484

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

## Pension Funds Adjudicator (PFA)

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

Members are entitled to contact the PFA if their complaints have not been dealt with satisfactorily by the Fund. Please consult the PFA's website ([www.pfa.org.za](http://www.pfa.org.za)) for more details.

