



PetroSA Retirement Fund

www.petrosaretirementfund.co.za

NEWSLETTER

**ISSUE NUMBER: 3/2019
SEPTEMBER 2019**

ALL ABOUT YOUR FUND AND WHAT IT DOES FOR YOU

Dear members

Welcome to your third newsletter for 2019. Your trustees are determined to make sure that it is useful and informative. It is our aim to inform you through the newsletters of the following:

- Trustee decisions that relate to your Fund benefits;
- Developments in the retirement fund industry;
- Your benefits and investments
- General items.

INSIDE THIS ISSUE



We trust you will enjoy the read.

Board of Trustees
August 2019

- **Concerns regarding government proposals around prescribed assets for retirement funds**
- **Investment workshops and general member feedback sessions**
- **Retirement planning workshops**
- **Retirement planning- what are my choices?**
- **Flexible member contributions**
- **Investment news**
- **Annexure 1: GENERAL INFORMATION**
 - ✓ About the Fund (including Fund costs)
 - ✓ Contributions & Benefits
 - ✓ General information on investments
 - ✓ Other General information

Disclaimer:

The information contained in this newsletter does not constitute advice by either the Board of Trustees or its advisors. If you need advice you should seek the assistance of an independent professional financial advisor.

CONCERNS REGARDING GOVERNMENT PROPOSALS AROUND PRESCRIBED ASSETS FOR RETIREMENT FUNDS

At the workshops that were recently held, many members raised concerns regarding the government's "proposal" at possibly regulating the investment within retirement funds.

The proposal stems from the ANC Election Manifesto which included the following:

"We will ... investigate the introduction of prescribed assets on financial institutions' funds to mobilise funds within a regulatory framework for socially productive investments (including housing, infrastructure for social and economic development and township and village economy) and job creation while considering the risk profiles of the affected entities."

The manifesto only refers to an "investigation" (and, helpfully, makes reference to the risk profiles of the funds and other entities concerned – i.e. by implication, funds would not be compelled to do anything which would drastically alter the risk profile of their investments).

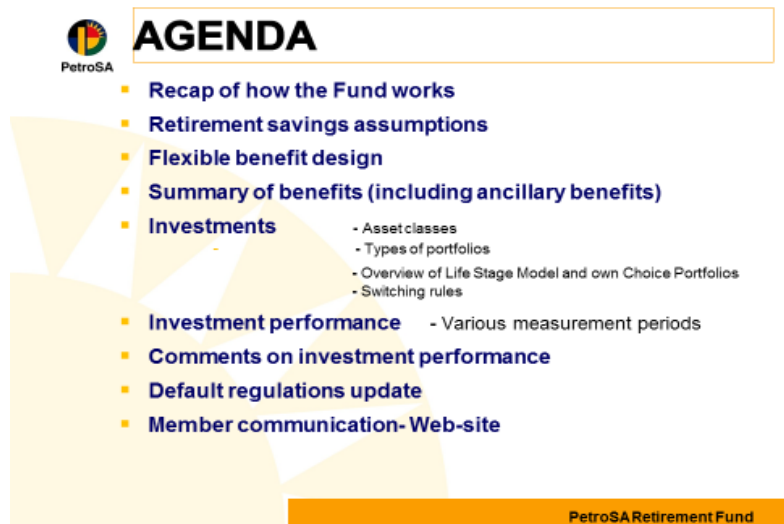
At this stage there is really nothing that we can report on and this is far from a "done deal". As soon as there is any news in this regard, we will most definitely keep you updated.

INVESTMENT WORKSHOPS AND GENERAL MEMBER FEEDBACK SESSIONS

These sessions were held during July 2019 in Cape Town; Mossel Bay; and Saldanha Bay and were generally well attended.

At these sessions the information as shown on the right was covered in detail.

As can be seen, we revisited many important Fund issues e.g. the flexible contributions and how your contribution rate can affect your final retirement benefit (see section below for more information). Also included in the presentation was a detailed section on Investments.



The slide features the PetroSA logo on the left. The title 'AGENDA' is in a large, bold, black font. Below it is a list of agenda items, each preceded by a yellow square bullet point. The items are: 'Recap of how the Fund works', 'Retirement savings assumptions', 'Flexible benefit design', 'Summary of benefits (including ancillary benefits)', 'Investments' (with sub-bullets: '- Asset classes', '- Types of portfolios', '- Overview of Life Stage Model and own Choice Portfolios', '- Switching rules'), 'Investment performance' (with sub-bullet: '- Various measurement periods'), 'Comments on investment performance', 'Default regulations update', and 'Member communication- Web-site'. The PetroSA Retirement Fund logo is in the bottom right corner.

- Recap of how the Fund works
- Retirement savings assumptions
- Flexible benefit design
- Summary of benefits (including ancillary benefits)
- Investments
 - Asset classes
 - Types of portfolios
 - Overview of Life Stage Model and own Choice Portfolios
 - Switching rules
- Investment performance
 - Various measurement periods
- Comments on investment performance
- Default regulations update
- Member communication- Web-site

RETIREMENT PLANNING WORKSHOPS

The Fund held their annual pre-retirement workshops at the venues as mentioned above. At the workshops, the different pension options available at retirement and the pros and cons of each option were discussed in detail. If you are over the age of 50, we urge you to attend these workshops when they are presented once again.

Choosing the right pension is not an easy decision to make. So it is for the reasons mentioned above that we encourage you to attend these retirement planning sessions in future – even if you have previously attended; where you will receive in-depth education on all the options available to you. This in turn will pave the way for an easier decision-making process.

Included on the next page is a short article on retirement planning taken from the recent workshops held.

RETIREMENT PLANNING – WHAT ARE MY CHOICES?

At retirement you will face a number of very important choices that you will need to make. Because you are likely to save towards your retirement over multiple decades, by the time you retire it may well be the single biggest asset you own.

What you end up doing with this pot of money is one of the most critical financial decisions of your life, as your choice you make will determine your lifestyle for the next 25 to 30 years

So what choices do I need to make at retirement?

The first choice you need to make is how much you need or want to take as a cash lump sum from your retirement savings?

- Do you take your entire amount as a cash lump sum? or
- Do you take part of your retirement capital in cash? or
- Do you take no cash?

Before deciding on the amount of cash you wish to take as a lump sum, you need to determine why you require this money (an example may be to settle any outstanding debt you may have).

Keep in mind that any cash amount withdrawn leaves you with less capital to purchase the annuity from which you will be drawing your retirement income.

Tax is another important factor to consider. The good news is that the first R500 000 taken as a cash lump sum is tax free. However, this tax free amount is a once in a life-time amount so, if you have previously taken a tax free amount, this will be deducted from your R500 000 tax free amount at the time when you retire. If you wish to withdraw an amount greater than that, then the tax table on pg. 11 will apply.

Once you have decided how much cash to take (if any), the next choice is what to do with the remaining money in your retirement savings.

Whether or not you choose to take a portion of your retirement savings in cash, the balance of your investment must be used to purchase an annuity that will pay you an income throughout your retirement.

You currently have two main options from which to draw your income in retirement: a **living annuity or a life annuity**. Each product has its own set of advantages and limitations (see table below).

	Life Annuity - Insurer	Living annuity – PetroSA OR Insurer
Vehicle	You purchase an Insurance Policy	Functions like a “Bank account”
Until when is it payable?	Current pension is guaranteed as long as you live	Until living annuity balance is depleted
Pension amount	Set by insurer depending on type of pension, increases and terms -Should increase each year	You decide Yearly (subject to minimum 2.5% - maximum 17.5% of your capital)
Investment expertise needed	None	You decide how the living annuity balance should be invested
Decision making required	At point of purchase need to decide: <ul style="list-style-type: none"> - Type of pension - Level of pension increases - How much pension should your spouse receive 	Every year you need to decide the amount of pension and where the living annuity balance should be invested

Inheritability	None (except where you choose for a portion of your pension to be paid to your spouse on your death)	Your living annuity balance is available for your dependants on your death
Ability to change later	Not permitted	Permitted – can purchase another living or life annuity Can change investment choice + pension amount annually
Risks	You don't get anything back if you die shortly after purchasing pension - (you still get paid even if you live until 125!)	Risk of outliving your capital – if you take too high a pension or investment returns are poor or you live longer than expected, you can run out of pension
Costs	Typically lower	Typically higher In-fund living annuity lower costs than external living annuity

Please note that once you retire, the risk benefits you currently have as an in-service, falls away.

FLEXIBLE MEMBER CONTRIBUTIONS

This particular important area was discussed in detail at this year's member feedback session. The table below which demonstrates the number of members of this Fund that are contributing to each category was shown. As can be seen, the majority of members are contributing at the lower contribution rates.

CATEGORY OF EMPLOYMENT	% CONTRIBUTION	NUMBER OF MEMBERS	% OF TOTAL MEMBERSHIP	
A	7.5	435	33%	WARNING: Consistent choice of these two categories will result in inadequate retirement savings. If you are contributing at this level, you will need to catch up and contribute more later to be able to save enough for a comfortable retirement.
B	10.0	185	14%	
C	12.5	302	23%	Default contribution rate
D	15.0	116	9%	
E	17.5	155	12%	
F	20.0	47	4%	
G	22.5	30	2%	
H	25.0	16	1%	
I	27.5	42	2%	

In order to provide a reasonable retirement benefit you should ideally structure your package so that PetroSA contributes at least 15.0% of your pensionable salary for your retirement savings. Possibly the main reason why you **might** have structured your package on a lower retirement savings contribution rate is to pay off debt (for example your housing bond) quickly.

If you have elected a lower contribution rate for the period that you might be paying off a debt, then it is very important that you increase your retirement contribution as soon as the debt is paid.

Note: There is a huge risk of inadequate retirement benefits if you make too low allocation for retirement savings.

INVESTMENT NEWS

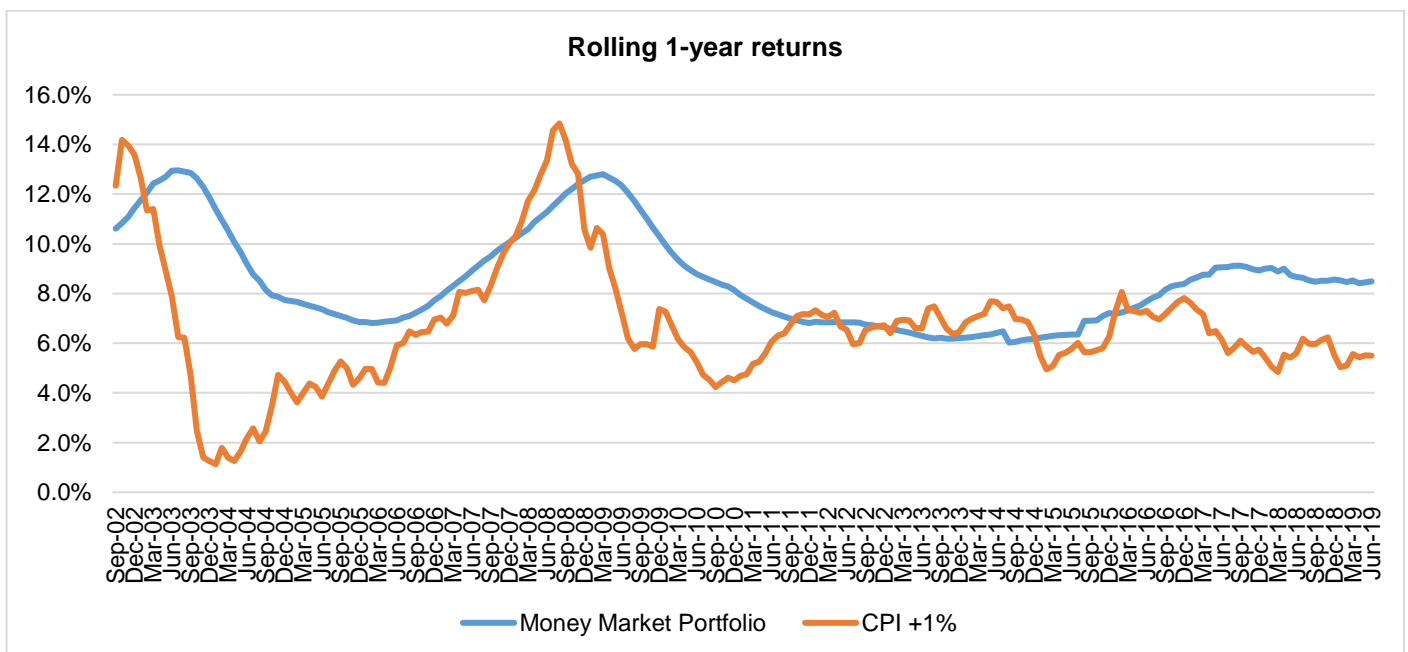
Below are the annualized investment returns for all the portfolios over different measurement periods until 30 June 2019. Please note that the returns are shown after deducting investment manager fees:

Portfolio	Investment Objective	Measurement period	Actual Return p.a.	Target Return p.a.
Market-Linked portfolio	CPI + 5% p.a. net over a rolling 7-year period	7 years	12.4%	10.6%
Stable Portfolio	CPI + 3% p.a. net over a rolling 3-year period	3 years	6.2%	7.8%
Money Market Portfolio	CPI + 1% p.a. net over a rolling 1-year period	1 year	8.5%	5.5%
Shari'ah Portfolio	CPI + 4% p.a. net over a rolling 5-year period	5 years	4.9%	9.2%

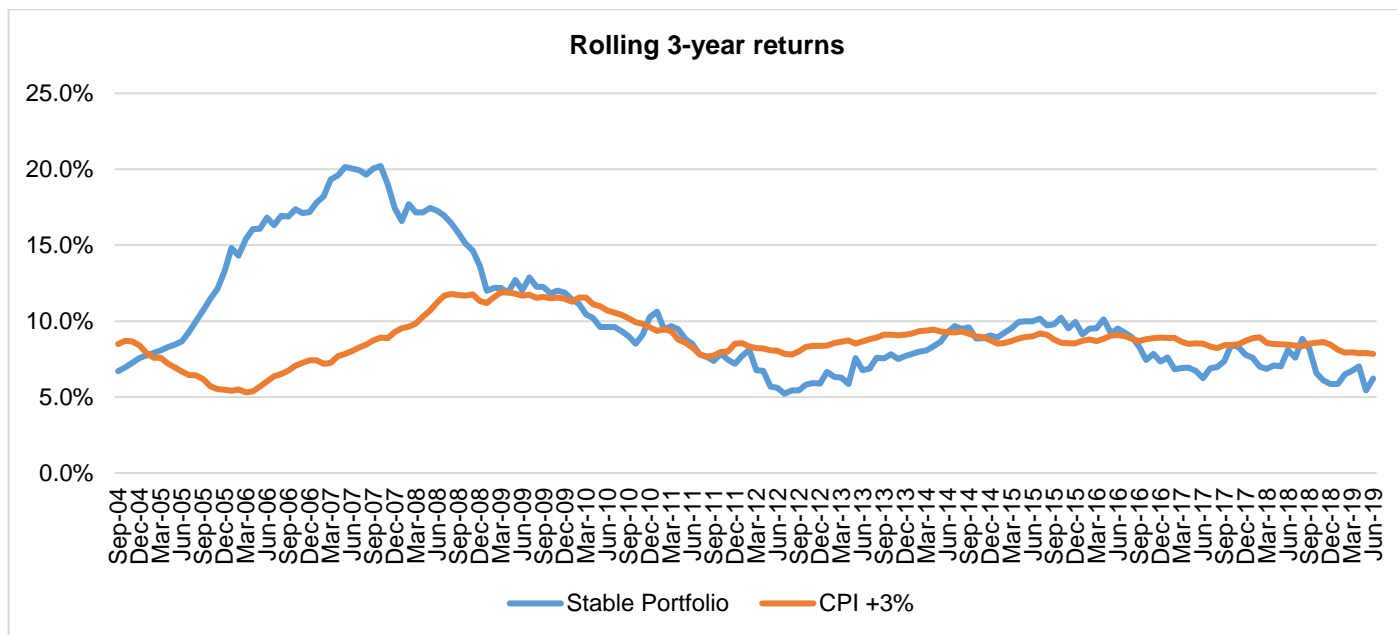
MONITORING OF LONGER TERM PERFORMANCE OF THE PORTFOLIOS

To give you an indication of how the Market-linked, Stable and Money Market portfolios compare to each other at 30 June 2019, the chart below shows the performance of each portfolio relative to their investment objective over their respective rolling periods in years to the end of June 2019.

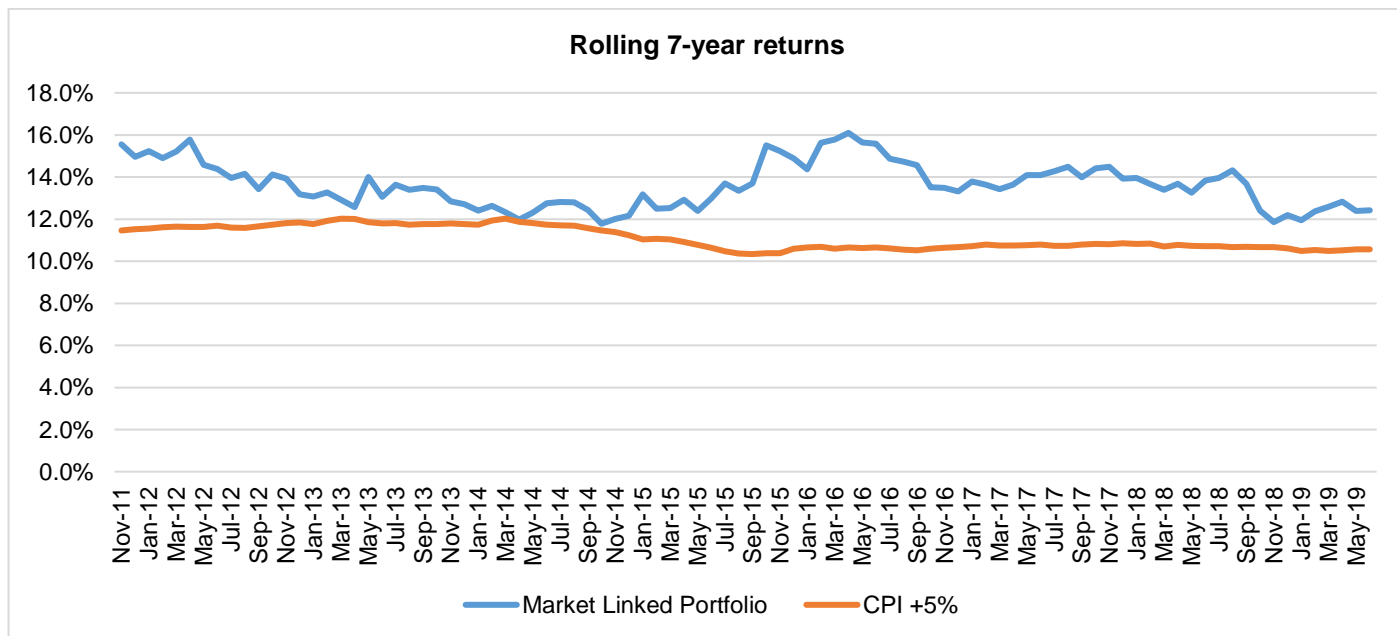
The **Money Market portfolio** has delivered some 4.0% per annum above inflation for the last year, which is well in excess of the investment objective of 1% per annum above inflation. This is illustrated below:



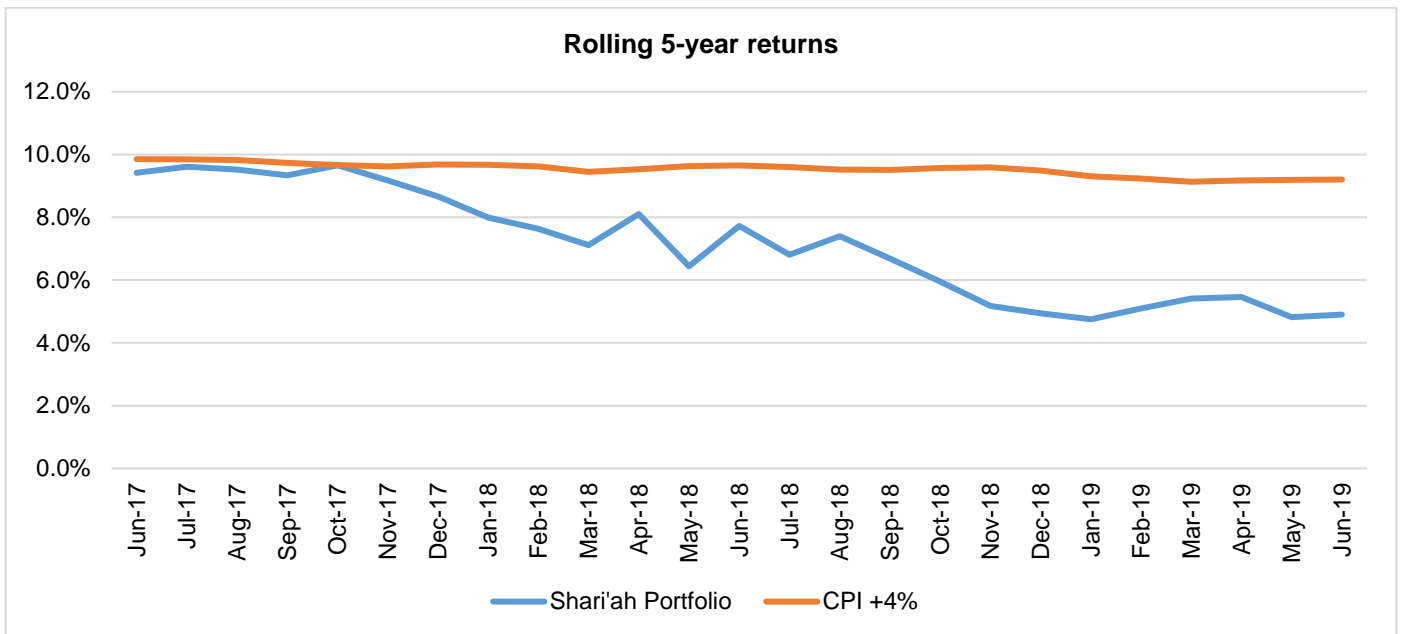
The **Stable portfolio** has delivered some 1.5% per annum above inflation for the last three years, which is short of the investment objective of 3% per annum above inflation. This is illustrated below:



The **Market-linked portfolio** (which is the portfolio for the wealth-building stage of the life stage model) has delivered 7.1% per annum above inflation over the last seven years, compared with the long-term investment objective of 5% above inflation. This is illustrated below. Such performance is not expected to be sustainable in the long-term, and we caution members to expect more moderate performance in this portfolio over the next seven to ten years. Effectively the returns over the past few years have been “borrowed” from the future.



The **Shari'ah portfolio** has delivered some -0.1% per annum above inflation for the last five years, which is short of the investment objective of 4% per annum above inflation. Comment around the performance of the Shari'ah portfolio was provided in the previous newsletter. This is illustrated below:



MARKET COMMENTARY

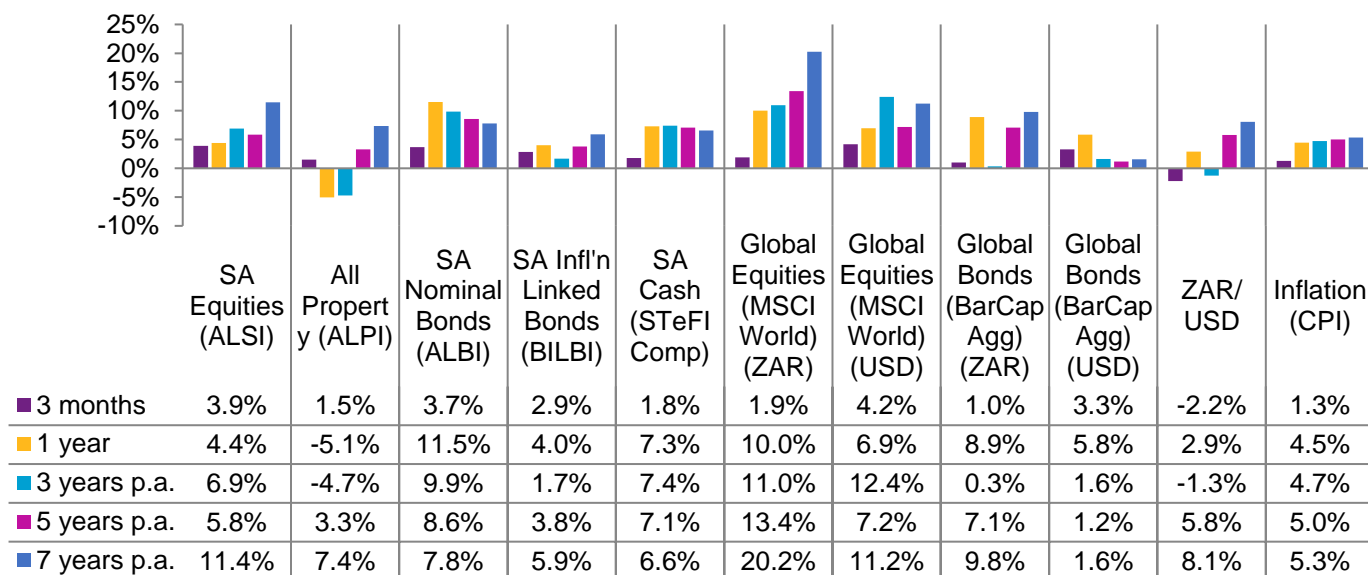
Global equities enjoyed a strong second quarter, returning 4.2% (in US dollar terms), whilst declining bond yields drove strong bond returns of 3.3% (in US dollar terms). Over the year to date, global equities and bonds have enjoyed strong returns whilst the US dollar has weakened marginally.

Domestic markets were supported by the global risk-on environment over the quarter. The SA equity market outperformed EM counterparts. The JSE/FTSE Capped SWIX returned 2.9% for the period. Listed property has lagged the broader equity market over the past three years.

As with global equity markets, gains during H1 2019 have not been broad-based. Analysis by Corion Capital shows that only 44% of shares in the FTSE/JSE All Share Index outperformed cash over the period.

SA bonds enjoyed a positive quarter, driven by declining developed economy bond yields and an inflation rate that remains well-anchored within the SARB's target range. President Ramaphosa's re-appointment of Lesetja Kganyago as SARB Governor and the commitment to SARB independence were also supportive of yields. The ALBI returned 3.7% in the quarter, taking H1 2019 gains to 7.7% and 12-month gains to 11.5%. Inflation-linked bonds returned 2.9% over the past quarter and 4.0% over the last 12 months.

The graph below shows the performance of the various sectors of the market during various measurement periods ended 30 June 2019 (source: INet).



An explanation of the different sectors appears below:

ALSI:	South African equities as measured by the All Share Index
ALPI:	South African listed properties as measured by the All Property Index
BILBI:	Barclays Inflation - linked Bond Index
STeFI:	South African short term fixed interest investments (cash)
ALBI:	South African All Bond Index
MSCI:	Morgan Stanley Capital Index – equities in developed overseas markets
BarCap:	Barclays Capital Global Aggregate Bond Index
ZAR/USD:	Rand investment in US Dollars (positive numbers show a “Weakening” rand).
CPI:	South African inflation rate

Note: Members who are a long way from retirement are encouraged to adopt a long-term investment strategy. Don't be deflected from your overall objective, which is to build retirement capital, by short-term market changes. To get out of the market when things get tough is not the way to build wealth.

ANNEXURE 1: GENERAL INFORMATION

The information contained below are standard items that will appear in every newsletter going forward.

- About the Petro SA Retirement Fund
- Contributions and Fund benefits
- Investments
- Other general information

ABOUT THE PETROSA RETIREMENT FUND

- **Established** on 1 February 1996.
- Membership of the Fund is **compulsory** for all employees

MISSION AND VALUES

- **Honesty** – the Fund will always act towards its members in a transparent and honest manner
- **Empowerment** – the Fund has a focus on providing members with education which aims to empower members to understand their benefits and make the right decisions
- **Innovation** – the Fund aims to be at the forefront of developments in the retirement fund industry

GOVERNANCE

The Fund is separate from the Employer and is managed by the Board of Trustees.

The Board of Trustees =

- 4 individuals elected by members of the Fund + 4 individuals appointed by the Employer
- Term of 3 years
- Meets at least 4 times a year
- Responsibilities are to run the Fund in the **best interest of the members** and manage the Fund in terms of the **Rules and applicable laws**
- The Rules of the Fund can be obtained from the Principal Officer on request – details below

Your Board of Trustees are:

Member Elected Trustees	Member Elected Alternates	Employer Appointed Trustees	Employer Appointed Alternates
S August	JP Rhode	O R Mohapanele	Vacant
A Futter (Chairperson)	H Rauch	A Zokufa	L Tromp
W Kruger	L Tofu	N Gumede	J Lichaba
L Moser	Vacant	A de Lange	T Manne

COMMUNICATION

More information is provided via the following:

- **Fund Website** for all Fund information: www.petrosaretirementfund.co.za
- **Newsletters** will be issued quarterly
- **Presentations and workshops** are held regularly. Please attend these to learn more!
- **Benefit statements** showing your benefits will be issued annually towards the end of March
- **Projection statements** showing the expected pension that your retirement savings are likely to provide will be issued annually with your benefit statements towards the end of March
- **Alexander Forbes Online facility** where you can check your own information on a real time basis and access various tools and calculators: www.alexanderforbes.co.za
- **Fund Rules** can be obtained from the principal officer (details below) or from the Fund website.

QUESTIONS OR QUERIES- PLEASE CONTACT:

The Principal Officer: Reinhard Buhr
Address: 151 Frans Conradie Drive, Parow, 7500, Cape Town
Telephone: (021) 929 3133
E-Mail: reinhard.buhr@petrosa.co.za

CHANGE IN ADDRESS OR PERSONAL DETAILS

Please notify the Human Capital department in writing.

Cape Town (and Tzaneen, Bloemfontein and SFF):

Reinhard Buhr

(021) 929 3133

reinhard.buhr@petrosa.co.za

Mossel Bay (and offshore and Voorbaai):

Dorothy Cedras

(044) 601 2540

dorothy.cedras@petrosa.co.za

COSTS

Administration and Fund costs (applicable from 1 June 2019)

- Active members – Fund costs are funded from a deduction from the contribution rate – 0.35% of pensionable salary (This includes an allowance for administration cost of R54.39 pmpm (per member per month) plus VAT)
- Deferred members – Administration costs of R41.00 pmpm plus VAT deducted from deferred pension account
- Deferred pensioners – Administration costs of R41.00 pmpm plus VAT deducted from member individual account
- Living annuitants – Initial fee = R994.65 plus VAT. Administration costs of R 99.46 pmpm plus VAT deducted from living annuity balance.

Switching costs (cost of changing investment decision) – first switch in the year is free. Thereafter R 435.15 plus VAT is deducted from your account per switch.

Investment management fees are deducted from the return earned on the investments as follows:

Potfolio	Manager	Fee charged
Market linked	Allan Gray Equity	0.5% p.a. plus 20% of the out-performance of the benchmark capped at 2%
Market linked	Coronation Equity	0.2% p.a. plus 20% of out-performance of SWIX over preceding 12 months capped at 1% (base fee reduced to 0.1% p.a. from 1 Oct 2018 until a performance fee becomes payable)
Market linked	Abax Equity	0.45% p.a. plus VAT
Market linked	Investec Bonds	0.35% p.a. changes to 0.4% on out-performance of ALBI+2%
Market linked	Coronation Bonds	0.2% p.a. plus 10% of out-performance over ALBI over preceding 12 months capped at 1%
Market linked	Futuregrowth IDB	0.5% p.a. plus VAT
Market linked	Sygnia(WTW Diversified Global Balanced)	0.6608% p.a. (0.0408% p.a. for Sygnia administration plus 0.08% p.a. AMX platform fee plus approx. 0.54% p.a. for the underlying manager fees).
Stable	Allan Gray Global Stable	0.4% p.a. plus 20% of the out-performance of the benchmark subject to a 1.8% overall fee
Stable	Coronation Inflation Plus	0.70% p.a.
Stable	Investec Cautious Managed	0.65% p.a.
Money Market	Investec Money Fund	0.1% p.a.
Shari'ah	27Four	0.74% p.a. approximately but depends on underlying manager allocation.

YOUR CONTRIBUTIONS AND FUND BENEFITS

CONTRIBUTIONS

You need to decide how much you want to contribute to the Fund (as a percentage of your pensionable salary which is typically 80% of your total guaranteed package) from the following categories:

7.5%; 10%	WARNING: Consistent choice of these two categories will result in inadequate retirement savings. If you are contributing at this level, you will need to catch up and contribute more later to be able to save enough for a comfortable retirement.
12.5%	Automatic - if you do not make a choice
15%; 17.5%; 20%; 22.5%; 25%; 27.5%	As a general rule of thumb, a 15% contribution over 35 years of service will provide a reasonable retirement benefit.

- You can change the contribution every year on the salary review date (August)
- The contributions are tax deductible (subject to certain limits)

Go to the retirement fund calculator on the **Alexander Forbes online facility** (www.alexanderforbes.co.za) to check the impact that your contribution rate choice has on your expected retirement benefit.

RESIGNATION, RETRENCHMENT and DISMISSAL BENEFITS

When?	When you leave employment, are retrenched or dismissed
What?	Your member individual account
How?	You can leave the full benefit in the Fund (become a deferred member) and transfer it or retire from the fund later (This option is not available on certain dismissals)
	OR
	You can transfer the full benefit to another Fund
	OR
	You can take the full benefit in cash as a lump sum (though this will be subject to tax, will materially affect the ability for you to reach a financially comfortable retirement and is in general not advised)
	OR
	You can choose a combination of cash and transfer

** Please note that though the benefit paid from the fund on resignation and retrenchment is the same, this benefit is taxed differently*

TAX TREATMENT OF LUMP SUMS ON WITHDRAWAL

The following table summarises the tax treatment of lump sums payable in terms of the rules of a retirement fund on withdrawal (other than retirement, retrenchment or death). It is based on our understanding of the tax scales in the Income Tax Act. The application of the tax laws is complex, and **if you want to properly understand your potential tax liability you should not rely on this table, but you should consult an expert financial planner.**

Lump sum resignation benefit	Tax liability
R0 to R 25 000	0%
From R25 001 to R660 000	18% of amount above R25 000
From R660 001 to R990 000	R 114 300 plus 27% of amount above R660 000
R990 001 and above	R203 400 plus 36% of amount above R990 000
The tax-threshold of R25 000 is cumulative and applies to the aggregate amount of a member's resignation over the member's lifetime.	
The R 25 000 tax-free amount plus the resignation lump sum(s) taken will reduce the R500 000 tax-free amount at retirement.	

Further and more detailed information will be provided to you on exit.

DEATH BENEFITS

When?	When you die while being a member of the Fund (active member or deferred member or pensioner)
What?	Your member individual account
How?	The Trustees will allocate your death benefits in line with Section 37 C of the Pension Funds Act (but may be guided by your beneficiary nomination form)

RETIREMENT BENEFITS

When you retire from service, you can choose to remain a deferred pensioner in the Fund i.e. stay invested in the Fund **until you choose** to retire from the Fund. (Should you die prior to retiring from the Fund, your benefit will be allocated in terms of Section 37 C of the Pension Funds Act). **OR you can choose to immediately retire from the Fund.**

The retirement benefit payable when you choose to retire from the Fund is as follows:

When?	When you choose to retire from the Fund (which can be after retirement from employment) Normal retirement age is 65 years (unless you have different conditions of service) Early retirement is permitted from the age of 55.
What?	Your member individual account
How?	You can take the full benefit in cash as a lump sum (though this will be subject to tax) OR You can use the full benefit to buy a pension from an insurer or from the Fund (the pension payments will be subject to tax) OR You can take some of the benefit in cash and use the rest to buy a pension from an insurer or the Fund

The Fund will provide you with quotations for a **life annuity**, which is purchased from an insurer and guaranteed until your death. The Fund also offers a **living annuity**, which functions like a bank account where you decide where the money is invested (within certain limits); and how much pension you take (within certain limits).

Further and more detailed information will be provided to you on retirement.

TAX TREATMENT OF LUMP SUMS ON RETIREMENT, RETRENCHMENT AND DEATH

The following table summarises the tax treatment of lump sums payable in terms of the rules of a retirement fund on retirement, retrenchment or death. It is based on our current understanding of the tax scales in the Income Tax Act. The application of the tax laws is complex, and **if you want to properly understand your potential tax liability you should not rely on this table, but you should consult an expert financial planner.**

Lump sum death or retirement benefit	Tax liability
R0 to R 500 000	0%
From R500 001 to R700 000	18% of taxable income exceeding R500 000
From R700 001 to R1 050 000	R 36 000 plus 27% of taxable income exceeding R700 000
Exceeding R1 050 001	R130 500 plus 36% of taxable income exceeding R1 050 000

This tax free amount is a once in a life-time amount so, if you have previously taken a tax free amount, this will be deducted from your R500 000 tax free amount at the time when you retire.

NOTE: The following benefits are not paid by the Fund but are provided for by a separate insurance policies. For the sake of completeness we have listed them in this guide. For more details on these benefits please go to the website at www.petrosaretirementfund.co.za

- Funeral benefits
- Spouses cover
- Benefits should you be regarded as disabled
- Personal accident benefits

GENERAL INFORMATION ON INVESTMENTS

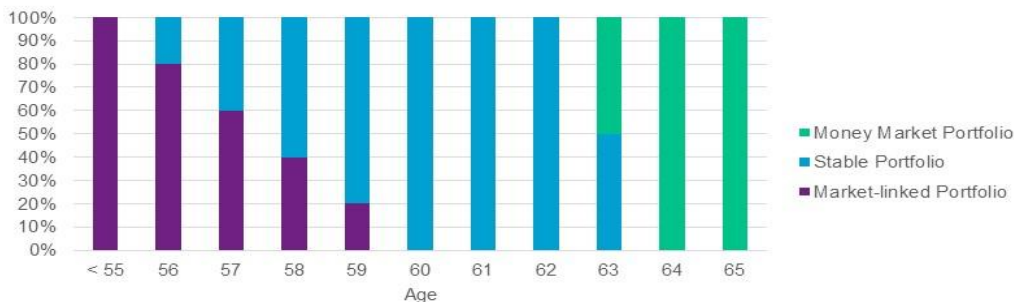
INVESTMENTS

The Fund offers you **MEMBER INVESTMENT CHOICE**. You need to decide which portfolios you want the contributions to be invested in from a range of portfolios (combinations are also permitted) as highlighted in the table below.

Portfolio name	Target return and comment	Asset allocation (as at 31 December 2018)
Market Linked Portfolio	Target return CPI + 5% per annum over a rolling 7 year period Highest potential return; highest volatility; highest chance of negative returns over short periods Most appropriate for long term investing (>10 years)	Asset allocation determined by the Board. 46% SA equities (managed equally by Allan Gray, Coronation and Abax) 24% SA bonds (managed by Investec (37.5%), Coronation (37.5%) and Futuregrowth (25%)) 30% offshore (various managers across bonds (15%); equity (70%) and listed property (15%))
Stable Portfolio	Target return of CPI + 3% per annum over a rolling 3 year period Lower volatility than the Market Linked portfolio	Asset allocation determined by the managers. 22.3% SA equity + 4.1% SA property 31.9% SA bonds + 14.7% SA cash 24.4% offshore + 2.6% other (managed by Allan Gray (50%), Coronation (25%) and Investec (25%))
Money Market Portfolio	Target Return of CPI + 1% per annum Least appropriate for long term investing Most chance of capital preservation	100% SA cash (managed by Investec)
Shari'ah Portfolio	Target returns of CPI + 4% per annum over a rolling 5 year period Adheres to Shari'ah principles of the ban of interest and the ban on investment in certain sectors – eg conventional financial, alcohol and tobacco; non-halaal food production; some entertainment (eg casinos) and arms manufacturing.	Asset allocation determined by the manager 40% SA equities + 5% commodities 30% SA murabahah contracts 18% offshore equities + 5% offshore sukuk 2% non-interest bearing cash (managed by 27Four Investment Managers)

You can change the investment choice at any time (costs of changing are shown on page 6).

If you do not make this choice or want the Trustees to choose the investment portfolio for you, your contributions will be invested according to the **LIFE STAGE MODEL** (which is the default for in-service members). The Life Stage Model transitions you from the most aggressive portfolio (the Market Linked) to the least aggressive portfolio (the Money Market) in the 10 years prior to retirement as follows:



If you like this model, you can also choose to be invested in it by selecting this option on the option form.

If you make no investment choice when you become a deferred member, you will remain invested in the portfolio in which you were invested in prior to becoming deferred – if this is the Lifestage model you will continue to be transitioned as usual.

If you make no investment choice on becoming a living annuitant, you will be invested in the Stable portfolio.

. OTHER GENERAL INFORMATION

COMPLETION OF CLAIM FORMS ON LEAVING THE FUND

Claim forms that are not completed correctly will result in unnecessary delays. It is therefore important that you read the claim form thoroughly, fill in all relevant information and then submit the claim to your Human Capital department who in turn will submit this to Alexander Forbes by no later than the 3rd working day of the month following your termination of employment. If this is not adhered to, the benefit will remain in the Fund and will be invested in the underlying portfolio for another month. We ask you to please insert your contact details on these forms e.g. cell numbers, so that Alexander Forbes is able to contact you if necessary.

EXITS FROM THE FUND

A. DEATH

The importance of completing beneficiary nomination forms

If you have already submitted a beneficiary nomination form in the past and your personal situation has altered, it is necessary for you to submit a new form to replace the old one.

In the event of your death, the benefit paid by the PetroSA Retirement Fund is allocated as follows:

The Trustees will have complete discretion as to how the benefit payable by the PetroSA Retirement Fund (i.e. your Member Individual Account) will be allocated to your dependents. This Trustee power is derived from Section 37C of the Pension Funds Act, which requires the Trustees to allocate any Retirement Fund benefit to those persons that were most financially dependent on you (usually your spouse and children).

However, in the event of there being no spouse or financially dependent children, your benefits will be paid to your financially independent children, or your nominated beneficiaries. A nomination in your will is not sufficient to indicate how you wish your retirement savings to be allocated in the event of your death.

By completing the forms (and keeping them updated), you will be advising the Fund to act according to your wishes in the event of your death (subject to Section 37C above). This information will also help to speed up the pay-out process in the event of your death. Forms are available from the PetroSA Human Capital Department and the Retirement Fund Intranet Web-site.

B. RESIGNATION

How to speed up the benefit payment when leaving the Fund

When you leave the Fund, an income tax number is required in order to pay out or transfer your benefit. All members of the Fund who are not registered as tax-payers and thus do not have a personal income tax number must register and obtain a personal income tax number. It is important to do so in order to avoid unnecessary delays when a benefit needs to be paid out.