

trustee newsletter  
for members

December 2011 / January 2012

FundsAtWork  
Umbrella  
Pension and  
Provident  
Funds and  
Preservation  
Funds

momentum



## Your 'above board' board of trustees

The FundsAtWork board of trustees has your best interest at heart. But who are these people we call the board of trustees and what duties do they perform?

One of the most important responsibilities of the board of trustees is to ensure that adequate and appropriate information is communicated to the members of the funds informing them of their rights,

benefits and duties in terms of the rules of the funds.

For the trustees to fulfil the duty of communicating with the members it is important that Momentum as the administrator has valid and up to date member contact information.

The FundsAtWork Umbrella Pension and Provident Funds have four independent

trustees and two sponsor appointed (Momentum) trustees. The FundsAtWork Pension and Provident Preservation Funds have two independent and two sponsor appointed (Momentum) trustees.

See page 4 of the newsletter for a list of the trustees.

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## The Momentum and Metropolitan merger

# a case of bigger definitely being better

In December 2010 MMI Holdings Limited was listed on the Johannesburg Stock Exchange following the merger of Momentum and Metropolitan. MMI Holdings Limited is now the third largest insurer in South Africa.

MMI Holdings is our investor and holding company brand while Momentum and Metropolitan remain the customer facing brands. Subsequent to the merger the employee benefits departments of Momentum and Metropolitan were combined and now operate under the Momentum Employee Benefits brand.

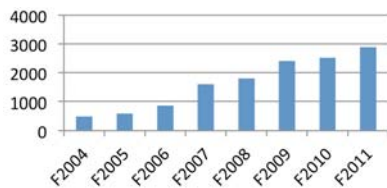
We believe that umbrella funds offer the most cost-effective and appropriate solution for small to medium size employers. FundsAtWork has been chosen as the single umbrella and preservation fund for Momentum Employee Benefits so you can be assured that your benefits will not be affected in any way.

Over the coming months, all current Metropolitan clients who qualify as small to medium size enterprises will be starting their journey to the Momentum FundsAtWork products, including both retirement and insurance benefits. Members of the Metropolitan Preservation Fund will also be transferred to FundsAtWork. This means that our umbrella and preservation funds will enjoy even stronger growth in members and assets over the next year.

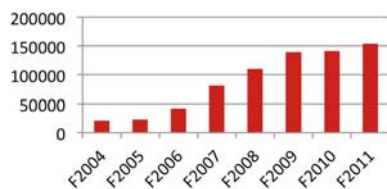
The FundsAtWork umbrella funds have been in existence since 1996 and the FundsAtWork preservation funds since 1988. The umbrella funds have about 153 000 members and R11.6 billion in assets.

The preservation funds have a membership of about 7 000 members, and have grown exponentially over the years.

number of participating umbrella fund employers



number of umbrella fund members



Our core values are serving our clients and being a responsible organisation. We trust that the merger will have a minimal impact on service, and we thank our clients for their patience during the merger integration process.

## Don't end up in a pickle - preserve with FundsAtWork

Changing jobs every two to three years has almost become the norm in South Africa. As South Africa's poor savings track record confirms, many people cash in their retirement savings when they change employment. If you are changing jobs make sure you preserve the retirement savings you have accumulated. If you don't, you probably won't have enough money to live on after you retire.

When you are employed your monthly retirement fund contributions build up for as long as you are a member of your employer's retirement fund. When you leave your employer, you can transfer your retirement benefits from your current employer's retirement fund to the FundsAtWork Preservation Funds seamlessly. By automatically preserving your funds with FundsAtWork you will not lose out on market performance as you are not out of the market at any time.

## Enhancements and simplifications to meet your needs

Based on market feedback and the changing legislative environment we have simplified and enhanced FundsAtWork to bring it closer to the needs of our clients and to provide greater value.

### Retirement range and investment portfolios

FundsAtWork has been simplified by combining the Trader and Entrepreneur product options, with no impact on fees for the member. We have also removed asset based fees on all Momentum and Metropolitan portfolios in Entrepreneur.

A range of inflation targeting portfolios has been added to Provider to help meet members' specific investment return objectives. You can now invest in more than one portfolio where previously all assets in Provider could only be invested in a single portfolio. Members and advisory bodies can now also appoint investment advisers to assist with investment selection within Provider.

The trustee default portfolio is changing from the Momentum Secure Bonus (MSB) portfolio to the Metropolitan MultiManager Smooth Growth Fund Global (MMMSG). The reason for the change is that MMMSG offers higher expected returns in the long term due to its higher performance benchmark. This change does not affect existing members invested in MSB.

All new members joining the fund from 1 March 2012 will be automatically invested into the new trustee default portfolio if they do not actively make an investment portfolio choice. This default does not include any existing selections made by the employer.

Important to note, the new trustee default portfolio includes a market value adjustor (MVA) as a key feature, much like in traditional smooth bonus funds. The MMMSG fund should be viewed as a medium to long-term investment. The MVA is an exit penalty which may be deducted from your retirement savings account to protect the interests of remaining investors. This can happen mainly due to market fluctuations. This means you could receive less than the value reflected on your benefit statement if you change your portfolio.

A MVA will not apply on any benefit payment such as resignation, retrenchment, retirement or death. The penalty will apply for example when all the members with a particular employer elects to exit the portfolio due to moving to another fund or due to liquidation. The MVA also applies when an individual member chooses to move to a new investment portfolio.

MSB remains the portfolio of choice for the following investments:

- Housing loan amounts
- Where a member owes an amount to his employer that can be deducted in terms of the Pension Funds Act
- In the event of another portfolio being capped or closed to new investments.

### Disability enhancements

FundsAtWork provides disability benefits to protect our members against the potentially severe financial implications of becoming disabled.

We have enhanced our disability offering significantly. Our income disability product now offers 100% income replacement options as well as lower cost alternative options for employers to choose from. Further we have added temporary income disability to our insurance range. The benefit pays an income on disability for a limited period of time, after which all payments cease. This benefit pays an income to an employee while they adjust their lifestyle and possibly make alternative working arrangements.

### Family Protector

The Family Protector product has also been enhanced and simplified. The funeral benefit for members and spouse(s) has been increased from R5 000 to R10 000 per member and spouse(s). The education benefit has been simplified at R50 000 lump sum (max R10 000 per child for up to 5 children).

All changes to the product will be discussed in detail in the updated 2012 member guide. Members can obtain a copy by calling our contact centre on **0860 65 75 85** early in 2012. If you need more information before January 2012 please speak to your financial adviser.

# How **BIG** is your retirement savings and insurance gap?



South Africa is a nation of diversity, with over 50 million people and a wide variety of cultures, languages and religious beliefs. Each day, people go about their lives, working, spending time with loved ones and creating memories that give meaning to their lives. Meanwhile research reveals a less idyllic picture of the reality that many South Africans are facing. On the whole South Africans are grossly under insured and their retirement savings are appallingly low.

## Retirement savings gap

South Africans don't save - currently only 6% of the population will retire comfortably without assistance from the government or family and friends. We are an instant gratification society where retirement is usually a distant thought.

The average salary replacement percentage at retirement for most people is well below the targeted level of 75% and higher, which means the average person will have significantly less than 75% of their final working salary to live on at retirement. Not only do South Africans save insufficiently for retirement but we also have a culture of not preserving our retirement savings when we change employers. This has a huge impact on our ability to retire.

## Insurance gap

The insurance gap refers to how much insurance we have relative to what we actually need should an active income

earner in the household die or become disabled. Studies indicate that South Africans are underinsured by an estimated 60% for life and disability cover. Employer sponsored benefits are often the only source of retirement savings and insurance cover that an individual has. It is therefore crucial that the correct base for retirement planning is put in place by the employer.

What can you do to close your retirement savings and insurance gap?

- 1 **Know your benefits.** Look at your benefit statement at least once a year and at specific events in your life for instance when you get married or have children. We have made it easy for you to get a copy of your latest benefit statement via:
  - the on-line member portal at [www.momentum.co.za/fundsatwork](http://www.momentum.co.za/fundsatwork), which you will find in the secure log in area (if you have not registered to receive logon details, please phone the client contact centre on **0860 65 75 85**)

- your employer who can access it via the employer portal at [www.momentum.co.za/fundsatwork](http://www.momentum.co.za/fundsatwork) (members of the umbrella pension and provident fund only)
- the member contact centre on **0860 65 75 85**
- members can subscribe to our sms service to receive their monthly retirement savings account balance. Call the contact centre or go to [www.momentum.co.za/fundsatwork](http://www.momentum.co.za/fundsatwork) to subscribe.

- 2 **Speak to your financial adviser.**

A financial adviser's main duty is to determine your needs and to then offer solutions to meet your needs. Knowing your benefits and your needs is half the battle won.

- 3 **Start saving as soon as you earn a salary and save as much as you can.**

Younger people think that they have their life ahead of them to save and would rather spend their money on cars and entertainment. Older people nearing retirement wish they started saving when they were younger.

- 4 **Preserve your retirement fund benefits when you change jobs.**

Currently 94% of South Africans reaching retirement age have no other choice but to continue working, depend on government assistance or rely financially on family or friends.

- 5 **Make sure you are invested in the right portfolio.** Speak to your financial adviser for guidance on how to choose the investment portfolio most suitable to your age and circumstances. Make sure that you review your portfolio choice at least once a year.

## Want to stay informed?

### Subscribe to our sms and email notification system

Momentum communicates with our members about their benefits and transactions via automatic subscription sms or email, where we have their contact details. It is important that we have your updated personal contact information to communicate with you on certain events.

For example when you submit a claim we can keep you informed of the progress of the claim and you can receive your monthly balance update on your retirement savings account and any changes to your benefits.

Members can subscribe to receive more communication via the website at [www.momentum.co.za/fundsatwork](http://www.momentum.co.za/fundsatwork) or by calling the FundsAtWork client contact centre on **0860 65 75 85**. You have the option to unsubscribe from certain sms and email messages.

## FundsAtWork's four product options at a glance

### Founder >

is the most cost effective option with no employee flexibility and limited employer flexibility. It forms the basis of any insurance and retirement plan and aims to meet the needs of those who want a low cost solution with guarantees included in the investment performance. Founder aims to provide benefits similar to the proposed National Social Security Fund.

### Narrator >

follows Momentum's dynamic house view on retirement and insurance benefits, which are packaged together in an integrated and automated approach, taking into account the retirement and insurance needs of an average individual at any point in time.

### Provider >

offers a range of inflation targeted portfolios and is appropriate for members and employers who have more complex requirements based on their company structure or needs.

### Entrepreneur >

is the boutique option for those who have the need to structure specific and unique investment profiles using a selection of unit trusts and Momentum portfolios and who require maximum flexibility on their insurance benefits.

Each option has been designed based on our belief that insurance and retirement benefits are equally important and recognising people's needs while writing a specific chapter of their lives. Employers can now offer individuals the right solution to help them get to retirement and to protect them and their families along the way.



## How to enter

### Members

Confirm or update your personal details and contact information by 14 February 2012 by returning the personal information form you have received in your communication pack to us via email at [clientcontactcentre@momentum.co.za](mailto:clientcontactcentre@momentum.co.za) or fax it to (012) 675 3970 or send it back to us by placing it in the box supplied to your employer. You can also confirm or update your details on the member portal by logging onto [www.momentum.co.za/fundsatwork](http://www.momentum.co.za/fundsatwork). All members who send us their complete information by the above date will be entered into draw where they stand a chance to win one of four iPads.

# Win an iPad!

Momentum FundsAtWork is giving away four Apple iPads to **four lucky members**

### Terms and conditions

The recipient of the prize must be an individual who is a member of one of the FundsAtWork Umbrella or Preservation Funds. The prize is non-transferable and cannot be exchanged for cash. Momentum reserves the right to amend the competition end date at any time, depending on the responses received. The draw will be random and audited. The judges' decision is final and no correspondence will be entered into. The competition closes on 14 February 2012. Late entries may be included at the discretion of the judges. The draw will take place on 23 March 2012. Winners will be notified within seven days of the prize draw. All entries will undergo a quality control process. Entries with invalid contact details will be disqualified. 100% of the required fields on the personal information form must be completed. By entering this competition the participant accepts the full terms, conditions and rules of this competition and agrees to abide by these rules and any requirements. Momentum reserves the right to reduce the number of prizes should the minimum required entries not be achieved. Momentum reserves the right to change the terms and conditions as required by the auditors.

## Managing your retirement and insurance benefits is now as easy as click...click...click

Buying airline, movie tickets, flight tickets, books, CDs, DVDs, doing your banking and managing your retirement and insurance benefits all have one thing in common...you can do all of this on-line. With FundsAtWork's convenient on-line portal you can now manage your retirement and insurance benefits anywhere anytime.

Members can perform various transactions online, from updating your personal details, changing your investment

portfolios, changing your beneficiaries, viewing your benefit statements to changing your product option.

Call the member contact centre on **0860 65 75 85** to register and to get your login details.

Log onto [www.momentum.co.za/fundsatwork](http://www.momentum.co.za/fundsatwork) and manage your retirement and insurance benefits the internet banking way.

### FundsAtWork Umbrella Pension and Provident Funds Trustees

Francois Jooste	Sponsor Trustee and Chairperson
Renier Botha	Independent Trustee
Prof. Rinus du Plessis	Independent Trustee
Prof. Hugo Lambrechts	Independent Trustee
Jolly Mokorosi	Independent Trustee
Bianca Schütz	Sponsor Trustee
Richard Hall	Alternate Sponsor Trustee
Freek Kruger	Alternate Sponsor Trustee
Prabashani Naidoo	Alternate Sponsor Trustee
Carlo Subban	Alternate Sponsor Trustee
Tania Bakker	Independent Principal Officer

### FundsAtWork Pension and Provident Preservation Funds Trustees

Prof. Hugo Lambrechts	Independent Trustee and Chairperson
Prof. Rinus du Plessis	Independent Trustee
Carol Atkinson	Sponsor Trustee
Elsa Taylor	Sponsor Trustee
Richard Hall	Alternate Sponsor Trustee
Bianca Schütz	Alternate Sponsor Trustee
Prabashani Naidoo	Alternate Sponsor Trustee
Carlo Subban	Alternate Sponsor Trustee
Tania Bakker	Independent Principal Officer