

FundsAtWork umbrella funds

Your quote in detail



CONTENTS

	Page
FundsAtWork statistics	3
More about your FundsAtWork quote	4
The FundsAtWork umbrella funds	8
Retirement benefits	9
Insurance benefits	20
Lifestyle benefits	34
Business benefits	38
Definitions	40
Standard terms and conditions	42
Standard industry policy definitions for certain dread disease conditions	45
Pre-existing conditions	49
Fees and other expenses	50
Tax aspects	54
Disclosure in terms of the Financial Advisory and Intermediary Services Act (the FAIS Act)	58
Disclaimer	60

FundsAtWork statistics

The FundsAtWork umbrella funds have grown exponentially from their inception in 2000. The funds have a membership of close to 150 000, almost 3 000 participating employers and over R11bn in assets.

MMI Holdings was officially listed on 1 December 2010 from the merger of Momentum and Metropolitan. According to a survey from a leading reinsurer, MMI is now the biggest player in the group insurance space with 26% of market share.

More about your FundsAtWork quote

Note to the broker

If this quote is accepted and the scheme is installed with Momentum the broker will be required to furnish Momentum with proof that they are accredited by the Financial Services Board in terms of section 7(3) of the Financial Advisory and Intermediary Services Act, 2002 to give advice in respect of a particular product category.

Validity

This quote is valid for 90 days from the date of issue and is subject to Momentum's standard terms, conditions and assumptions.

Details

This quote is based on the details provided and the figures are subject to possible change if the details supplied were incomplete or incorrect. Staff data must be forwarded to Momentum at commencement of cover for insurance benefits, where applicable. If this is not forthcoming, insurance cover will cease.

Data

This quote is based on data provided by the employer and on an expected spread of occupations. The figures may differ if installation data is different or if occupational hazards exist which were not declared for this quote. In addition, the quote excludes members in instances where:

- they are past the cover cease age;
- no salary was provided at quote stage; and
- no date of birth was provided at quote stage.

Conditions for entry

- The employer will perform the monthly contribution and claim processes via the employer portal.
- A free cover limit will only be available to schemes with 5 or more members for group life cover and income and lump sum disability.
- Contributions and insurance premiums must be paid by an "automatic fund transfer". This means that Momentum collects the premiums after the employer has confirmed the amount.
- Any scheme profile is acceptable as long as the minimum requirements with regard to minimum membership, minimum contribution amounts and minimum assets apply.
- At member level, 20% of the total contribution (ie employer and member) subject to a minimum of R5 must be allocated to retirement benefits. This is required in order to ensure a minimum allocation towards retirement funding.
- Furthermore, if the member decides to increase their FlexiCovers or move to a higher option than the default option this will be allowed as long as the greater of 1% of salary or R50 goes towards retirement funding.
- Contributions are set at a minimum total average contribution (ie employer contribution, member contribution, management fees and premiums for insurance benefits) of R200 per member per month. The minimum total contribution on the Narrator option is set at 10% of pensionable salary.

- Each employer under the umbrella fund has to form an advisory body consisting of at least two members, one appointed by the employer and one elected by the members or both elected by the members. The number of employer appointed members has to be equal or less than the number of member elected members.

Momentum reserves the right to make a final decision regarding the acceptance of any scheme.

Rate guarantee

The rates used to calculate premiums are guaranteed for a period of between 12 to 18 months from the commencement date. After that, Momentum may alter the rates on giving the policyholder one month's written notice.

Momentum's rates and fees are renewed annually on 1 July. Momentum will advise the financial adviser and the employer accordingly.

Free cover limit

Momentum from time to time determines a free cover limit for the insurance policies. No evidence of health and insurability is required for an amount of cover less than or equal to the free cover limit.

A member's cover in excess of the free cover limit will be given by Momentum after the member has provided evidence of good health and insurability. If the evidence is not acceptable to Momentum, the excess cover may be given subject to special terms and conditions and / or extra premiums agreed to by Momentum and the policyholder or may be declined.

The free cover limit will be calculated for each insurance benefit for each employer.

Existing cover

Subject to Momentum's free cover limits and policy terms and conditions, the cover of the members actively at work in the existing arrangement will be taken over under the same terms and conditions, as long as the member was medically underwritten by a reputable underwriter in the previous 6 months.

The following details in respect of the members must be provided on the previous underwriter's letterhead:

- name;
- date of birth;
- amount of cover under existing scheme;
- any loadings, postponements or acceptance refusals under the existing scheme or alternatively the most-recently supplied medical evidence; and
- additional information (if required).

Acceptance of quote

If this quote is accepted and a new scheme is installed, acceptance by Momentum will be subject to our conditions of entry and compliance with our standard new business procedures.

Additional voluntary contributions (AVCs)

Members and employers may make additional contributions at any time to the fund to enhance retirement benefits.

Transfers

A lump sum to which the member has become entitled on withdrawal from another approved pension or provident fund prior to joining this fund may be transferred to the fund.

Claims experience

Claims experience is required if the scheme has been previously underwritten. If not submitted at quote stage, Momentum will call for the actual claims experience and reserves the right to amend the quote accordingly.

The scheme will only be installed once a full claims experience has been submitted. Claims experience is required for schemes with 300 or more members.

Claims procedure

The employer must submit withdrawal and all other claims via the employer portal. The relevant documentation can then follow.

Momentum's claim forms must be submitted to Momentum within the timeframes set out in the policy. Copies of official documents, for example death certificates, identity documents etc are to be certified by a commissioner of oaths. Only original medical reports will be accepted. Forms and accompanying documentation may be faxed.

Members currently receiving disability income benefits

No allowance has been made for members currently receiving disability income benefits, to be covered for any benefits under this quote.

If there are any members that need to be included please provide the following details:

- name;
- date of birth;
- sex;
- salary;
- cause of disability; and
- date of disability.

Momentum will confirm acceptance of cover in writing.

Payment of contributions

It is the employer's responsibility to ensure that Momentum receives the contributions not later than seven days after the end of the month for which the contributions are due. The contributions must be cleared in Momentum's bank account within the seven day period so that Momentum can invest the money on behalf of the members. The employer must ensure that they "confirm" the contribution in advance so that the cleared funds are in Momentum's bank account by the seventh day. Failure to pay on time will result in the employer becoming liable for interest on the amount that is unpaid at the due date. The principal officer of the fund or any other authorised person will monitor and ensure compliance with section 13A of the Pension Funds Act. This monitoring person has to submit reports to certain persons, in the manner and format prescribed.

Payment of premiums

Premiums in respect of insurance policies are due on the last day of the month. The total premium must be paid to Momentum monthly in arrears. A period of grace of 30 days is allowed for the payment of premiums.

If the full amount of premiums due is not received by Momentum within the period of grace, all cover will automatically cease from the last date the full amount of premiums were paid, unless it is agreed otherwise by Momentum in writing. Interest will be charged on the overdue premium at the most recent call interest rate charged by First National Bank for the period from the expiry of the period of grace to the date of payment of the overdue premium.

Policy details

Investment policies are fund policies issued to the relevant umbrella fund. Policies for insurance benefits may be either fund policies or policies issued to the employer.

Replacement caution

If any new policy is entered into in order to replace another policy, various potential detrimental consequences may arise, which should have been disclosed to the employer by the broker concerned.

Right to cancel policy

Subject to any restriction imposed by the Income Tax Act, the policyholder may cancel the insurance transaction and Momentum will refund all premiums paid in respect of the transaction, within 30 days of receipt of the policy summary where applicable. However, the policyholder may not cancel the transaction if a benefit has been paid or claimed or an insured event has already occurred.

Where applicable, Momentum will deduct any investment charges incurred in respect of the policy and adjust the premium to take into account any negative investment experience from the time the policy was concluded until the time of the refund of the premium.

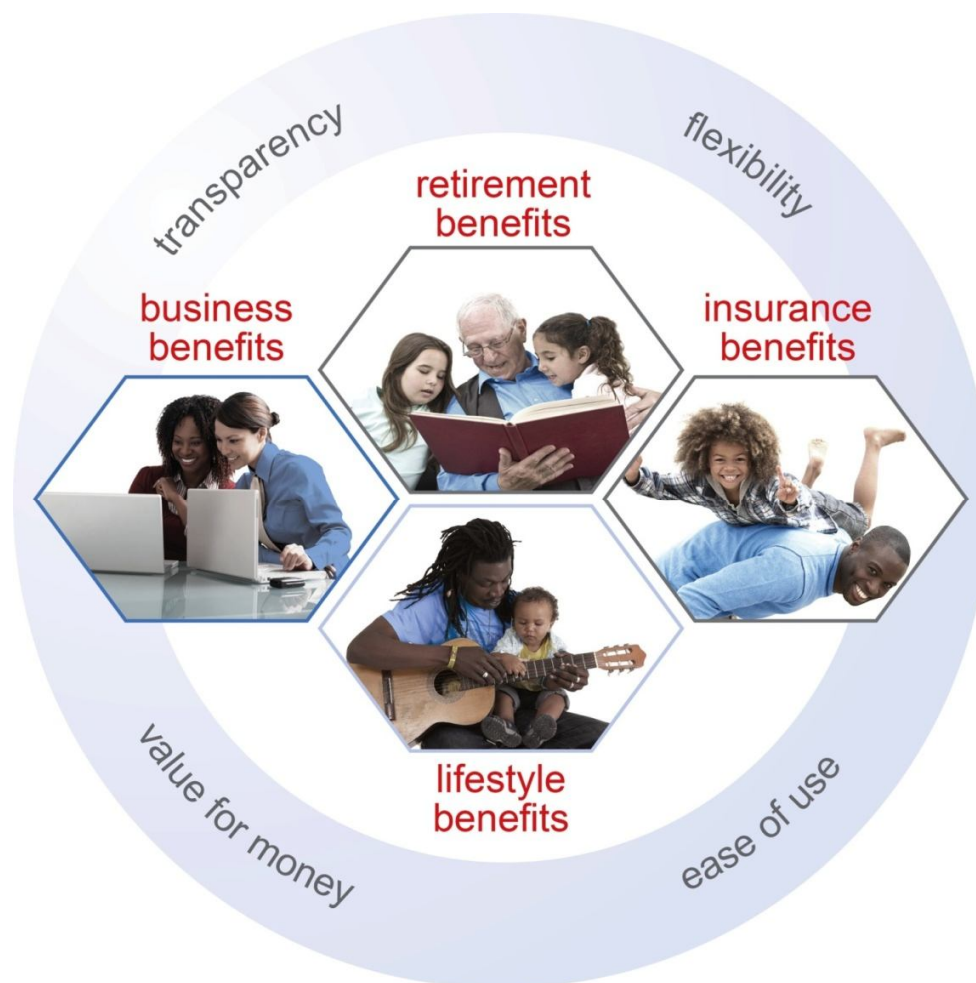
Additionally, Momentum reserves the right to deduct reasonable time-based fees where work over-and-above the standard has been done.

The FundsAtWork umbrella funds

The FundsAtWork umbrella funds are made up of four distinct parts:

- retirement benefits
- insurance benefits
- lifestyle benefits
- business benefits

The philosophy of transparency, flexibility, ease of use and value for money is core to the design of FundsAtWork.





Product options

FundsAtWork offers four product options under the umbrella fund: Founder, Narrator, Provider and Entrepreneur. The employer participating in the umbrella fund makes the initial decision on the default option. If the employer decides on the Founder or Narrator option, then all of their employees have to belong to that option; however members can afterwards move to a different option that better suits their needs. If the employer chooses the Provider or Entrepreneur option then they can choose one or a combination of these options. After that the member has the choice to move to the option that suits them best. FundsAtWork has selected a range of investment portfolios that match the investment requirements of each option.

Founder is the most cost effective option with no flexibility. To keep the costs low and to provide benefits similar to the proposed National Social Security Fund the employer makes the initial selection. If members and employers want flexibility then they need to move to the Provider or Entrepreneur option.

Narrator is the option that follows Momentum's house view on retirement and insurance benefits, which are packaged together according to what a typical member's needs are, at certain ages.

Provider is the option where we introduce flexibility. It is appropriate for members and employers who have more complex needs based on their company structure or need a degree of flexibility. Building blocks are provided for selection. Provider allows members to invest in more than one portfolio at a time except for the Lifestage portfolios.

Entrepreneur is the boutique or specialist choice option, appropriate for members and employers who are highly financially sophisticated and require the ability to structure specific and unique investment and insurance profiles using a selection of unit trusts and Momentum portfolios. Members on Entrepreneur require flexibility on their insurance benefits. Entrepreneur allows members to invest in more than one portfolio at a time except for the Lifestage portfolios.

The choices and flexibility available to the employer are:

Product options	Investment flexibility	Contributions	Other conditions
Founder	None	Employer choice One rate only chosen by the employer	Inclusively costed only No contribution categories
Narrator	None	Employer choice One rate only chosen by the employer	Inclusively costed only No contribution categories
Provider	Limited (can use more than one investment portfolio except if Momentum Lifestages chosen)	Employer makes initial choice	Contribution categories available Inclusively or exclusively costed
Entrepreneur	Wide (can use more than one investment portfolio except if Momentum Lifestages chosen)	Employer makes initial choice	Contribution categories available Inclusively or exclusively costed

In summary the flexibility in respect of the members is:

Product options	Investment flexibility	Insurance flexibility	Contribution flexibility
Founder	None	None	None Additional voluntary contributions (AVCs) allowed
Narrator	None	None	None AVCs allowed
Provider	Limited (can use more than one investment portfolio except if Momentum Lifestages chosen)	Available	Available AVCs allowed
Entrepreneur	Wide	Available	Available AVCs allowed

The portfolios available under each product option are:

Founder	Narrator	Provider	Entrepreneur
Guaranteed portfolio	Dynamic Lifestage portfolio	Guaranteed portfolios	Boutique / Specialist portfolios
Momentum Multi-Manager Smooth Growth Fund Global - trustee default portfolio	Momentum Lifestages	Momentum MultiManager Smooth Growth Fund Global	All Provider portfolios
		Momentum InflationGro	Momentum Money Market
		Momentum Secure Bonus	Momentum MultiManager Money Market
		Dynamic Lifestage portfolio	Momentum Balanced
		Momentum Lifestages	Momentum MultiManager Balanced
		Inflation targeted (CPI) portfolios	Momentum Shari'ah
		Momentum Enhanced Factor 7 (CPI + 7%)	Momentum Super Nation
		Momentum Enhanced Factor 6 (CPI + 6%)	Momentum MultiManager Aggressive
		Momentum Enhanced Factor 5 (CPI + 5%)	Momentum Passive Lifestages
		Momentum Enhanced Factor 4 (CPI +4%)	Momentum Bond
		Momentum Enhanced Factor 3 (CPI + 3%)	Momentum Inflation Guaranteed
			Momentum Capital Plus
			Momentum Gold Bullion
			Momentum Asset Management CPI +5% (Global) Fund
			Over 300 unit trusts

Portfolio description

Momentum Multi-Manager Smooth Growth Fund Global

The Momentum Multi-Manager Smooth Growth Fund Global is the trustee choice default portfolio. The average member has around 20 to 25 years towards retirement. Therefore a higher investment return benchmark, than what is offered by Momentum Secure Bonus is beneficial for member's retirement savings. The portfolio does not offer a full capital guarantee; a market value adjustment might apply on non-benefit payments like full or partial terminations and investment switches. Employers and their employees should be made aware of the market value adjustment before the scheme is installed and afterwards if they choose to invest in this portfolio.

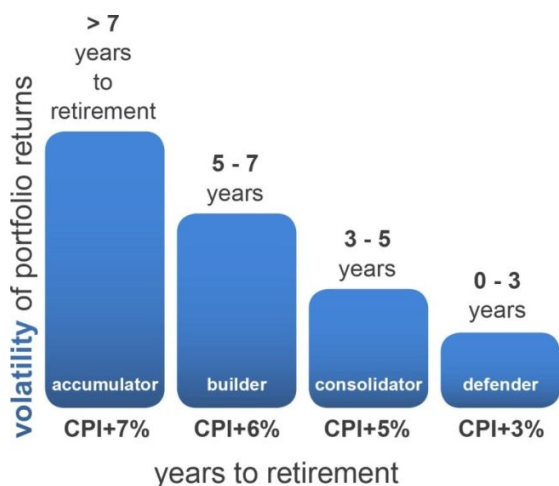
Employers and member who still prefer the full capital guarantee that is offered by Momentum Secure Bonus can still elect to invest in this portfolio.

The main features of this portfolio are:

- The portfolio targets a nominal long term return of CPI+4%
- A market value adjustment might apply in cases where the value of the underlying assets in the portfolio is below the book value.
- Benefit payments are paid at book value with no limits. Benefit payments are defined as payment resulting from death, disability, retirement, resignation and retrenchment.
- Any disinvestments other than for benefit payments are made at the lower of market and book value (ie a market value adjustment applies).
- On full termination of the investment, the fund receives the lower of market and book value immediately.
- On partial termination of the investment due to a Section 14 transfer of a participating employer, cash equal to the lower of market and book value can be transferred to the receiving fund.
- Investment switches could attract market value adjustments.
- Bonuses are declared net of the capital charge but before the asset management charge.
- Bonuses declared consist of vesting and non-vesting bonuses. Vesting bonuses fully accrue to the member and can never be taken away. Non-vesting bonuses might be taken away in very extreme scenarios.

Momentum Lifestages

The portfolio is divided into four stages. Members are automatically transferred between the different life stage portfolios.



The life stage portfolios comprise the following four portfolios:

Accumulator

Members are invested in Accumulator up to 7 years to retirement. Money is invested in the Momentum Enhanced Factor 7 (CPI + 7%) portfolio.

Builder

Members are invested in Builder for between 5 and 7 years to retirement. Money is invested in the Momentum Enhanced Factor 6 (CPI + 6%) portfolio.

Consolidator

Members are invested in Consolidator for between 3 and 5 years to retirement. Money is invested in the Momentum Enhanced Factor 5 (CPI + 5%) portfolio.

Defender

Members are invested in Defender for less than 3 years to retirement. Money is invested in the Momentum Enhanced Factor 3 (CPI + 3%) portfolio.

Momentum InflationGro

This portfolio preserves the purchasing power of assets over time and provides a guaranteed return of at least the change in the level of CPI over the last 12 months, with a 3-month lag period. A bonus is declared monthly in advance. Once declared it vests fully and cannot be taken away regardless of investment market conditions. All bonus declarations are made net of fees and the bonus will never be negative.

The portfolio is aimed at members who want to earn investment returns in excess of inflation and want the downside protection of a guarantee structure. It represents the ideal investment vehicle in times of extreme market volatility and would definitely suit fund members who are risk averse.

Momentum Secure Bonus

The Momentum Secure Bonus portfolio provides a 100% capital guarantee at all times and aims to achieve inflation beating returns over a rolling three-year period. No market value adjustment is ever applied on this portfolio. The underlying assets are invested in hedged equities, bonds, cash and alternative strategies, managed by different underlying managers. A bonus is declared monthly in advance, vests fully and cannot be removed regardless of investment market conditions. All bonus declarations are net of fees and the

bonus will never be negative. The portfolio provides a valuable capital guarantee on all payments from the fund, including benefit payments, switches and full or partial terminations.

Prescient, Taquanta, RMB Bank and Momentum Asset Management have been selected to manage the portfolio.

Momentum Secure Bonus remains the portfolio of choice for the following investments:

- Housing loan amounts.
- Where a member owes an amount to their 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.

Momentum Enhanced Factor Range

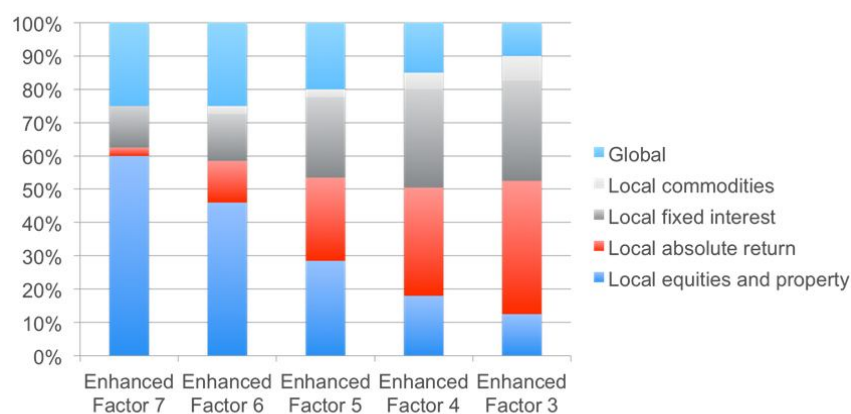
The Momentum Enhanced Portfolio Range reflects Momentum Manager of Managers' best view. The investment portfolios are invested predominantly in active strategies to increase the potential for above-benchmark returns. They are constructed using specialist investment managers within each asset class while new asset-class opportunities are continually investigated. The portfolios are complemented by investment in absolute-return strategies, inflation-linked bonds and alternative investments.

The portfolios incorporate all opportunities identified and performance fees may be paid to investment managers if they sufficiently enhance investment returns after fees.

The portfolios are invested in predominantly liquid securities and/or instruments but may have an allocation to smaller-capitalisation securities. They may have an allocation to credit instruments where the investment managers find opportunities. Investment in less-liquid opportunities will also be considered as this is expected to enhance investment returns in the longer term.

The Momentum Enhanced Factor Range has the following strategic asset allocations:

Momentum Enhanced Factors



Momentum Money Market

This is an actively managed portfolio investing in domestic cash and near-cash money market instruments such as bankers' acceptances, negotiable certificates of deposit (NCDs), debentures and treasury bills that provide competitive returns relative to cash while ensuring capital protection.

The asset composition of the portfolio varies depending on the fund manager's view on interest rates. This entails active decisions on duration, the shape of the yield curve and credit exposure.

The absence of equity and other long-term growth investments results in this portfolio having a low risk of capital loss, at the expense of higher long-term returns.

Momentum MultiManager Money Market

The portfolio provides preservation of capital and maintenance of liquidity. It is invested in cash or near-cash instruments. It therefore exhibits very low levels of volatility at the expense of higher long-term returns, due to the absence of equity and other growth assets.

The portfolio includes an exposure to global money market instruments that can lead to increased volatility due to fluctuations in the exchange rate.

Momentum Balanced

The portfolio aims to achieve an optimal balance between the different asset classes in order to lower the volatility of returns whilst at the same time providing for capital growth over the long-term.

The asset composition can vary within the following ranges, depending on the fund manager's view:

Equities	45% - 75%
Bonds and property	5% - 45%
Global assets	0% - 15%
Domestic cash	a minimum of 5%

Momentum Asset Management is the appointed asset manager.

Momentum Balanced is suitable for members who require competitive real returns over the long term without wishing to take on high risk.

The Momentum Balanced portfolio is representative of the general South African retirement fund portfolio and one would expect the bulk of members to select this portfolio. Members may use this portfolio as the core of their fund and diversify their investment risk profile or asset class exposure by using other portfolios.

Momentum MultiManager Balanced

The aim of the portfolio is to obtain maximum returns in the long term given an average risk profile.

The Momentum MultiManager Balanced portfolio offers capital stability with the potential for capital growth through a balanced mix of equities and fixed-interest investments.

Momentum Shari'ah Fund

The Momentum Shari'ah Fund is a multi manager portfolio that invests in multiple underlying Shari'ah compliant portfolios.

The following principles are core to the portfolio construction process:

- A structure where the integrity of the Islamic investment principles, specifically those assets as permitted by The Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), can be maintained at all times and across multiple asset classes.
- Mandate compliance, suitable for members or funds requiring compliance to Regulation 28 of the Pension Funds Act.

- Access to the best talent in Islamic investing available both in SA and globally.
- Mitigate some of the risk issues for long-term retirement fund investing that may be inherent in the selective nature of Islamic investment requirements.

A significant proportion of the portfolio is invested in equities (both domestic and foreign). The portfolio also invests in Sukuk instruments and an Islamic Profit Share Investment Account.

Momentum Super Nation Fund

The Momentum Super Nation Fund is a multi manager balanced portfolio that addresses the issue of socially responsible investing on different levels:

- Supporting socially responsible investment (SRI) through exposure to developmental asset classes.
- Exposure to companies that support SRI objectives as defined by the JSE SRI index.
- Shareholder activism through proxy voting and active shareholder engagement.
- Exposure to previously disadvantaged (black) fund managers, supporting the development of black investment professionals and investment entrepreneurs.

Momentum MultiManager Aggressive

The aim of the portfolio is to achieve above-average returns over the long term, through capital growth.

The portfolio has a higher than average long-term equity exposure and may also adopt an aggressive asset allocation strategy.

As a result of the investment strategy, the performance of Momentum MultiManager Aggressive can be extremely volatile over short periods during which capital losses could result. There is no capital guarantee on assets.

Momentum Passive Lifestages

The passive life stage option is made up of 11 stages using five building blocks (or five different asset class indices). Each stage is constructed to comply with Regulation 28. It starts with an aggressive asset allocation for periods longer than 10 years to retirement and uses 10 annual transitions to a defensive portfolio prior to retirement. The 11 stages allow for a smooth transition from the Aggressive Life Stage to the Defensive Life Stage portfolio.

Momentum Bond

Momentum Bond invests only in domestic fixed-interest instruments, being bonds and cash. The asset composition will vary depending on Momentum Asset Management's view on interest rates, which will entail active decisions on bond duration, stock selection and credit exposure. The portfolio has a medium risk profile.

Momentum Inflation Guaranteed

The portfolio provides a guaranteed return of at least the change in the level of CPI over the last 12 months, with a 3-month lag period.

It is invested in a combination of cash, equities and inflation hedging instruments to provide the inflation protection.

A bonus is declared monthly in advance and once declared vests fully over the month and cannot be taken away regardless of investment market conditions. All bonus declarations are made net of fees.

Momentum Capital Plus

The portfolio aims to preserve the purchasing power of assets over time by providing a daily capital guarantee and achieving targeted returns of significantly above the level of CPI.

It is managed according to the following objectives:

- To provide 100% capital protection at all times, after the deduction of fees.
- To achieve a long-term return significantly above CPI.

These objectives are achieved by adhering to strict risk control measures including appropriate diversification, tactical asset allocation and prudent use of derivative instruments.

The portfolio is managed using a combination of money market instruments, inflation linked and nominal bonds, equities, alternative investments and offshore assets.

A bonus is declared monthly in advance. Once declared it vests fully and cannot be taken away regardless of investment market conditions. All bonus declarations are made net of fees and the bonus will never be negative.

Momentum Gold Bullion Fund

The investment objectives of the fund are:

- To provide a low risk investment that gives the member exposure to the physical movement of gold.
- To track the spot price of gold less any applicable fees.
- To provide competitive long-term after-tax returns.

The Momentum Gold Bullion Fund is invested in NewGold Bullion Debentures listed and traded through the JSE Limited (JSE).

Momentum Asset Management CPI +5% (Global) Fund

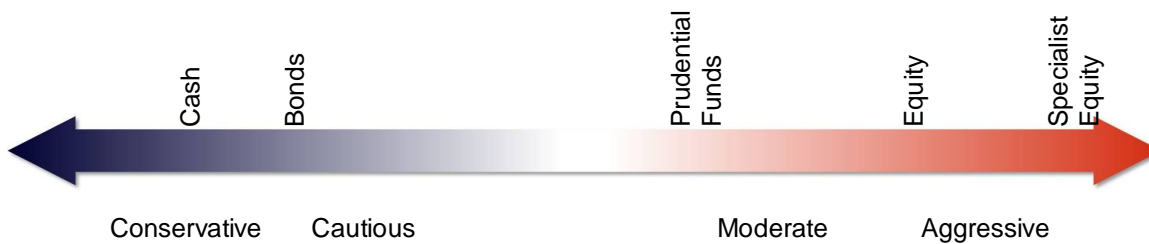
The Momentum Asset Management CPI +5% (Global) Fund is a fully discretionary portfolio with a real return performance objective. Investments are diversified across a range of asset classes, including global. The fund is structured to comply with Regulation 28 of the Pension Funds Act.

As appropriate strategic asset allocation is key to achieving the objectives of the fund, much emphasis is placed on this. The strategic asset allocation most likely to deliver returns in line with inflation is determined using quantitative modelling and fundamental processes. Once the strategic asset allocation has been determined, tactical deviations from the strategic asset allocation are implemented to take advantage of opportunities in the market and enhance returns. Downside volatility is specifically managed through appropriate protection strategies. Proprietary quantitative stock selection models are used to generate alpha on market returns.

Unit trusts

An extensive range of unit trusts is available to the Entrepreneur option. Please view the detailed list of the unit trusts at www.fundsatwork.co.za.

A risk rating is assigned to each unit trust in terms of absolute risk or volatility, ie the risk of the peer group of unit trusts relative to cash. The risk is depicted as follows:



Members with investment flexibility

Requirements from the member

The member must specify separately the breakdown of portfolios in respect of money already in their investment account (retirement savings account), and where future contributions (future contribution investments) are to be invested.

The breakdown must be given in percentage, the total must add to exactly 100%. The breakdown must be provided for both the retirement savings account and the future contribution investments, ie two instructions must be submitted.

If, for whatever reason, incorrect instructions are provided at installation stage, the retirement savings account and the future contribution investment will be placed into the trustee choice investment portfolio. If incorrect instructions are provided thereafter, members will remain in their existing portfolios.

For Section 14 transfers members will be asked to provide an instruction to Momentum.

Manner in which Momentum will accept investment instructions

Momentum will accept and execute investment instructions on behalf of members entitled to investment flexibility by the following means:

- Completed investment choice form faxed to Momentum.
- Via the internet if in possession of the relevant user ID and security code.
- Completed investment choice form signed by a person legally appointed to act on the member's behalf, if the member is incapable of signing an instruction due to injury or illness. This includes a member suffering from mental illness. The form must be faxed to Momentum.
- Completed investment choice form signed by the member's investment adviser and faxed to Momentum or via the internet from the member's investment adviser, if Momentum has received a mandate from the member authorising the investment adviser to act on their behalf and the criteria shown below are present and the adviser has been approved by the board of management of the fund.

The criteria to appoint a financial adviser are:

- (i) Category I Financial Advisory and Intermediary Services (FAIS) license and specifically must be licensed to provide advice on the following "financial products" as defined in the FAIS Act:
 - Category (b) as defined in "financial product" ie "a participatory interest in one or more collective investment schemes".

Or

- Category (c) as defined in “financial product” ie “a long-term or a short-term insurance contract or policy, referred to in the Long-term Insurance Act, 1998 (Act No. 52 of 1998), and the Short-term Insurance Act, 1998 (Act No. 53 of 1998) respectively.
- (ii) The adviser must be registered as a key individual and / or a representative of the authorised financial services provider.
- (iii) The adviser must have a CFA or CFP qualification or must have at least 10 years experience in providing investment advice.

Momentum will be communicating with the member or investment adviser during the process.

[Advisory body investment choice](#)

If the advisory body's investment choice is a portfolio provided under the Entrepreneur option then the assets will attract Entrepreneur asset based fees.

[Contribution flexibility](#)

Contribution flexibility gives the member the opportunity to increase their contribution to the fund.



Death and lump sum disability benefits may be provided as part of the registered and approved retirement scheme (provided by the fund), or in terms of a separate policy (self standing), or a combination of both.

The insurance benefits available under each product option are:

Product options	Insurance benefits	Insurance flexibility (member)	Other conditions
Founder	Group life cover (GLA) (standard) Lump sum disability (PTD) (standard) Permanent health insurance (PHI) (standard) Dread disease Family Protector base	None	Employer choice No categories Insurance benefits provided by the fund or self standing
Narrator	Life Eventing GLA PHI Family Protector base	None	Compulsory Insurance benefits provided as self standing
Provider	Life Eventing GLA, PTD, capital income provider (CIP) FlexiCovers GLA, spouse's and children's annuity (SAC), PTD, PHI, CIP Temporary income disability (TTD) Dread disease Accidental death Spouse's life cover Family Protector base and plus	Available	Initial employer choice Categories Insurance benefits provided by the fund or self standing Life Eventing as self standing only
Entrepreneur	Life Eventing GLA, PTD, CIP FlexiCovers GLA, SAC, PTD, PHI, CIP Temporary income disability (TTD) Dread disease Accidental death Spouse's life cover Family Protector base and plus	Available	Initial employer choice Categories Insurance benefits provided by the fund or self standing Life Eventing as self standing only

FlexiCovers

FlexiCovers give members the flexibility and freedom to decide on the level or amount of insurance cover that they wish to use. FlexiCovers is available in different forms:

- Group life cover (GLA)
- Spouse's and children's annuity (SAC)
- Lump sum disability (PTD)
- Permanent health insurance (PHI)
- Capital income provider (CIP)
- Family Protector

The employer chooses the default benefit for the members. Each member can then increase or decrease this default benefit based on certain minimums and maximums.

The rate charged at the end of the month will assume that the member enjoyed the cover from the beginning of the month. The rate charged for the FlexiCovers will be the same as the default level of cover ie a unit rate will be calculated per participating employer based on the default cover and this will be applied to any change in cover.

Members under Provider and Entrepreneur have access to FlexiCovers.

A member can flex up until the age of 55, but can flex down from the default cover at any time. If the member has flexed down to a cover below the default then they can flex up to the default cover even if over the age of 55 without medical underwriting.

The multiples of salary flexed will be in increments of 0.25. Fixed amounts of cover can be chosen only if fixed amount benefits apply to all the members in the scheme. The minimum in this case is 1 time the salary of the lowest paid member. For the income disability benefits the member can flex in increments of 1%.

Break in service members who belong to a scheme which is exclusively costed, will be given the opportunity to choose whether they wish to continue paying for the difference between the default cover and the flexed cover. If not, then they will be placed on the default benefit automatically, provided that the insurance premiums are paid in full during the period which the member is on a break in service.

FlexiCovers group life cover (GLA)

On the death of a member, the cover is paid as a lump sum. The maximum total benefit is 10 times annual salary, capped at R40m. If for example the default benefit is 1 time annual salary, then the member can choose a flexi benefit of up to 9 times annual salary.

FlexiCovers spouse's and children's annuity (SAC)

A monthly benefit is paid to the spouse and the children on the death of a member while in service of the employer. The monthly benefit cannot exceed 100% of the member's monthly salary.

As an example the benefit can be structured as follows:

Spouse: 50% of member's monthly salary.

Children: 12.5% of member's monthly salary, subject to a maximum of 4 children.

These percentages can then vary in any combination, with the percentage for the spouse capped at a maximum of 66.67%.

The spouse's pension is paid for the lifetime of the spouse. The spouse's pension will be reduced if the spouse is more than 10 years younger than the deceased member. The reduction will be one and a half per cent for each complete year by which the age difference exceeds 10 years.

The children's pension is paid until the child reaches the age of 21. Children's pensions will double where no spouse's pension is paid but will be capped at 100% of the member's monthly salary.

Benefits in course of payment may escalate annually at 5% or 10% or 5% capped at CPI or 10% capped at CPI.

FlexiCovers lump sum disability (PTD)

A lump sum is paid to the member should they be found to be totally and permanently disabled in terms of the rules of the provisions of the policy.

Matching group life cover at least equal to the permanent and total disability benefit must be provided.

The maximum benefit available is the lesser of R4m, 6 times annual salary and the member's FlexiCovers group life cover.

The waiting period is 6 months.

FlexiCovers permanent health insurance (PHI)

If the member becomes disabled in terms of the policy, a monthly benefit is paid until the member recovers or retires or lives outside South Africa for more than 12 consecutive months unless an arrangement is made with Momentum or dies.

The waiting period can be 1 or 3 or 6 or 12 months.

A benefit level of up to 100% of insurance salary can be selected by an employer.

Momentum has embraced the philosophy of actively assisting incapacitated employees to return to work, when possible. The success of return to work interventions is largely dependent on the stability of the medical condition, the employee's motivation to participate in a return to work programme and the employer's willingness to reasonably accommodate an employee in the workplace.

The skills shortage in South Africa makes the retention of workers imperative. This is compounded by high employee replacement costs. The active rehabilitation of disabled employees therefore presents a win-win situation to all the relevant stakeholders.

Following through on the philosophy of assisting incapacitated employees to return to work we have added the vocational rehabilitation benefit to the FlexiCovers permanent health insurance benefit.

There are two periods where different definitions of occupation can apply:

- The initial period

The initial period is the initial 12 or 24 months as selected including the waiting period. During this period an employer can select a disability definition of either "own occupation with own employer", "own occupation with any employer" or "own or any reasonable occupation". The selected definition will have an impact on the benefit's premium rate.

- The deferred period

After initial period expires Momentum will consider whether the member is capable of performing any occupation for which, in the opinion of Momentum, the member is, or could reasonably be expected to become qualified or suited taking into account their degree of disability, knowledge, training, education, ability and experience.

FlexiCovers capital income provider (CIP)

FlexiCovers capital income provider is a combination of an income and a lump sum benefit.

- If a member becomes disabled, a monthly income is paid over an initial 24 month period.
- The income benefit is discontinued after the initial period.
- A lump sum benefit is paid if the member is totally and permanently disabled to perform any occupation.

The maximum lump sum benefit is a multiple of salary equal to the lesser of 6 times annual salary and the member's group life cover, capped at R4m.

The waiting period can be 3 months or 6 months. There is no escalation on the income benefit.

Life Eventing

Life Eventing is designed to offer an alternative to the traditional insurance benefits defined as a fixed multiple or Rand amount of cover for all members of a scheme. In the traditional insurance benefits, no allowance is made for the specific needs of a member given their lifestyle requirements. Life Eventing offers more cover for certain ages by looking at how an average member's lifestyle will change over time, ie buy a car or small house when young, then getting married and later raising a family in a larger house with higher debt to repay.

Life Eventing is compulsory in the Narrator option. However, the employer may choose to take it out in the Provider and Entrepreneur options.

Life Eventing group life cover (GLA)

On the death of a member, the cover is paid as a lump sum. The benefit will change on the member's birthday.

Permanent health insurance (PHI)

The disability benefit that will be offered with the Life Eventing group life cover on the Narrator option is the permanent health insurance benefit. Permanent health insurance is a natural Life Eventing benefit as the payment period is longer at the younger ages and shorter when the member is close to retirement. The permanent health insurance benefit offered under Narrator is predetermined as follows:

Benefit: 75% of the insurance salary

Initial period: 12 months

Disability definition: own occupation at own employer for the initial period

Waiting period: 3 months

Benefit escalation: CPI

Employer contribution waiver

Continuous assurance option to age 55

Cover will cease at age 65 or the normal retirement age if this is earlier

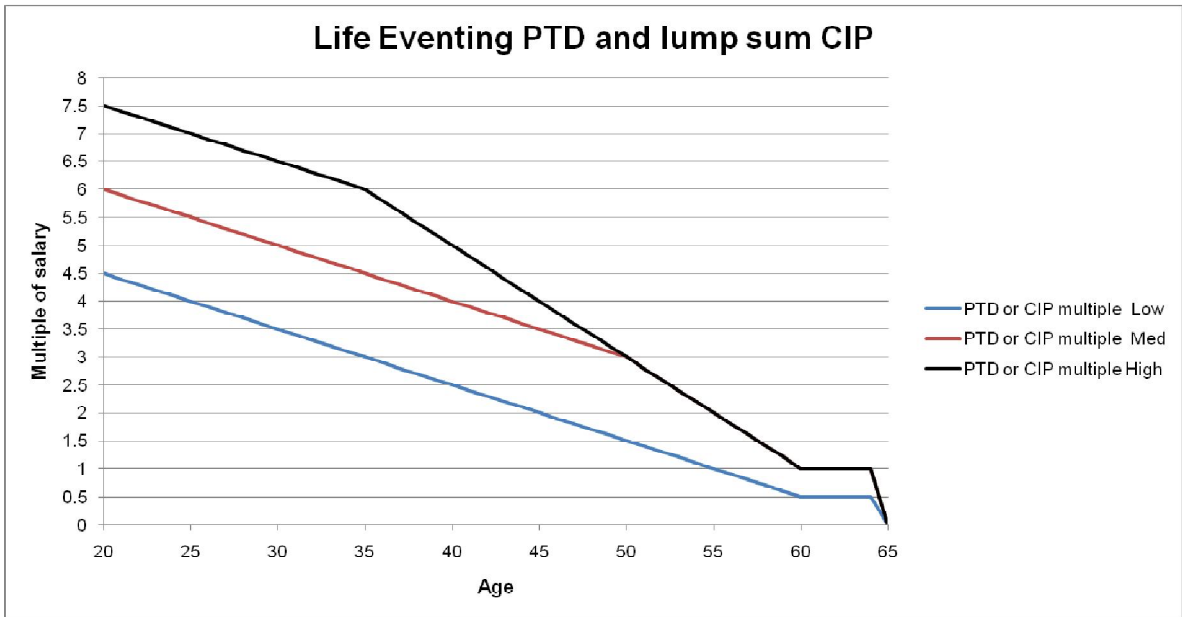
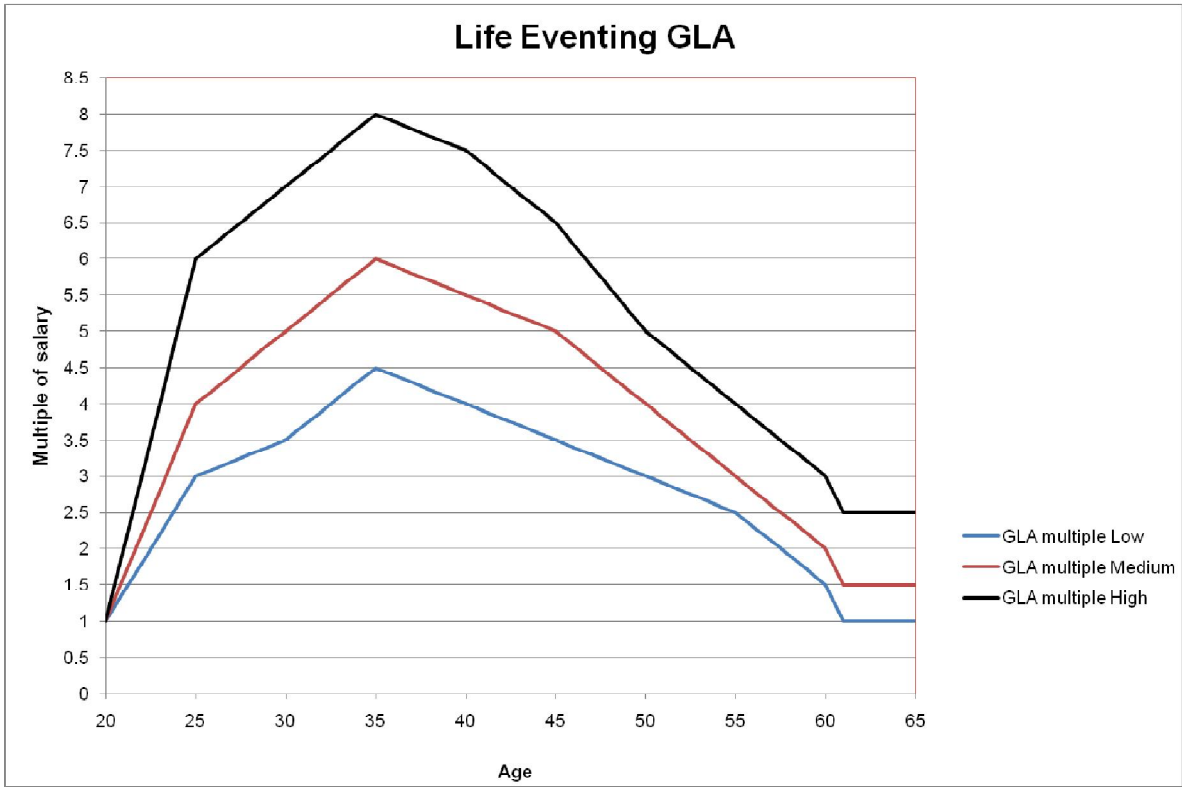
Payback of salary during waiting period: no

Life Eventing capital income provider (CIP) and Life Eventing lump sum disability (PTD)

The income disability benefit under Life Eventing CIP is 75% of the insurance salary.

In the Provider or Entrepreneur options, the Life Eventing CIP (lump sum) and Life Eventing PTD benefits is offered starting at a high level and reducing over time. These benefits will provide a lump sum that should cover the expenses of the member in the period of disability, depending on the level chosen. Life Eventing CIP and Life Eventing PTD will have to be taken with corresponding life cover, ie Life Eventing or FlexiCovers.

The employer is able to choose one of the three options available for Life Eventing GLA, PTD or CIP. The following graphs represent the Momentum house view for the Life Eventing insurance benefits:



The normal retirement age (NRA) is assumed to be 65 in this table of benefits. If the scheme has a lower NRA, the benefit is the same and the latest cover will be at a slightly higher level ie if NRA is 63, the member will be entitled to a benefit of 1.5 in the Medium option until the date they retire. If however, the NRA is later than 65, the same GLA benefit is offered until the actual retirement date. This means the benefit will remain on the same level from 60 until any retirement age after 60. This however does not apply to PTD or CIP where the maximum age for these benefits is 65.

The benefit will change on the member's actual date of birth. The correct premium is charged for the whole month.

When the employer chooses the contribution rate under Narrator they will have to take into account that there are minimum contributions that can support the low, medium or high benefits shown in the table above. These minimums are 10% for low, 15% for medium and 17.5% for high. These minimum contributions are for an average industry scheme and therefore might not be enough for industries that are considered risky. The employer might also decide to contribute a higher percentage but require the insurance benefits at the low multiples.

The same minimum contribution rates will apply to the Life Eventing insurance benefits in the Provider, or Entrepreneur option. A check is done when the quote is prepared and at each bulk rate review to determine if there is negative funding. If negative funding does occur at certain ages, the insurance benefits will be capped. The employer will be informed of the applicable table. The contribution rates assume that a minimum of 20% of the total contribution (ie employer and member) will be allocated to retirement funding and make an allowance for expenses and commission.

Standard Insurance benefits

Group life cover (GLA)

On the death of a member, the cover is paid as a lump sum. The employer can choose cover between 1 and 10 times annual salary, capped at R40m.

Lump sum disability benefit (PTD)

A lump sum is paid to the member if they are totally and permanently disabled in terms of the provisions of the policy.

Matching group life cover at least equal to the permanent and total disability benefit must be provided.

The maximum benefit available is the lesser of R4 million, 6 times annual salary and the member's group life cover. This maximum benefit will increase automatically from time to time unless the employer informs Momentum to the contrary.

The waiting period is 6 months.

Permanent health insurance (PHI)

If the member becomes disabled in terms of the policy, a monthly benefit is paid until the member recovers or retires or dies or lives outside South Africa for more than 12 consecutive months unless an arrangement is made with Momentum.

The waiting period can be 1 or 3 or 6 or 12 months.

A benefit level of up to 100% of insurance salary can be selected by an employer.

Momentum has embraced the philosophy of actively assisting incapacitated employees to return to work, when possible. The success of return to work interventions is largely dependent on the stability of the medical condition, the employee's motivation to participate in a return to work programme and the employer's willingness to reasonably accommodate an employee in the workplace.

The skills shortage in South Africa makes the retention of workers imperative. This is compounded by high employee replacement costs. The active rehabilitation of disabled employees therefore presents a win-win situation to all the relevant stakeholders.

Following through on the philosophy of assisting incapacitated employees to return to work we have added the vocational rehabilitation benefit to the permanent health insurance benefit.

There are two periods where different definitions of occupation can apply:

- The initial period

The initial period is the initial 12 or 24 months as selected including the waiting period. During this period an employer can select a disability definition of either “own occupation with own employer”, “own occupation with any employer” or “own or any reasonable occupation”. The selected definition will have an impact on the benefit’s premium rate.

- The deferred period

After initial period expires Momentum will consider whether the member is capable of performing any occupation for which, in the opinion of Momentum, the member is, or could reasonably be expected to become qualified or suited taking into account their degree of disability, knowledge, training, education, ability and experience.

Additional insurance benefits

Other insurance benefits that may be added are described below.

Spouse’s life cover

Spouse’s life cover is a lump sum benefit paid out to the member on the death of a member’s spouse.

The maximum benefit is the lesser of R1m, 2 times annual salary and the member’s FlexiCovers group life cover.

The spouse’s life cover is provided as a self-standing scheme.

A spouse can include a person married to the member legally or by custom or by Asiatic religion or a permanent life partner. If members are married under a customary union, they must provide Momentum with a declaration of customary union confirming that they have been married for at least 6 months. If the member has more than one spouse, the spouse that will qualify for the benefit is the one that the member married first or the one that the member notified Momentum about. Following a divorce and re-marriage the member may nominate the latter spouse who will immediately be eligible for cover without any waiting period. Momentum must be notified of the nomination within 30 days following the marriage.

Accidental death cover

The accidental death cover is a lump sum benefit paid out on the death of a member if death is as a result of an accident.

The accidental death cover does not have to be set up with matching group life cover; it is provided on its own. The accidental death cover can be provided as a fund benefit or as a self-standing scheme.

The benefit is generally expressed as a multiple of salary in the same way as group life cover, capped at the lower of 6 times annual salary and R2m.

If the group life cover is expressed as a flat Rand amount, the accidental death cover can be expressed as a percentage of group life cover, as a flat Rand amount or a multiple of salary.

Cover will be reduced by 50% if the accident is a result of a motor vehicle accident where the member was the driver and was younger than 27 years of age at the time of accident.

Temporary income disability (TTD)

Temporary income disability (TTD) is designed with the cost conscious employer in mind or the employer who is looking to provide income disability cover to employees during the waiting period of the lump sum disability benefit.

If the member becomes disabled in terms of the policy, an income is paid after the expiry of the waiting period, for a limited period of time, after which all payments cease. This benefit pays a monthly income while employees can adjust their lifestyle and possibly make alternative working arrangements.

The benefit term is 6, 12, 18, 24 to 30 months.

Dread disease

Three options are offered, namely:

- Essential: accelerated payment of the lump sum death benefit, paid on essential conditions.
- Inclusive: accelerated payment of the lump sum death benefit, paid on essential and inclusive conditions.
- Inclusive stand-alone: non-accelerated payment paid on essential conditions and inclusive conditions. The benefit is taken without corresponding group life cover.

The essential conditions are:

- Cancer
- Heart attack / surgery
- Kidney failure
- Major organ transplant
- Paralysis
- Stroke
- Blindness

The inclusive conditions are:

- Loss of limbs / hearing / speech
- Coma
- Severe burns
- Multiple sclerosis
- Motor neuron disease
- Parkinson's disease
- Benign brain tumour
- Alzheimer's disease
- Poliomyelitis
- Aplastic anaemia
- Severe ulcerative colitis
- Severe Crohn's disease
- Primary pulmonary hypertension
- Acquiring of HIV from blood transfusion
- Occupationally acquired HIV

The maximum cover is the lesser of 2 times annual salary and R1m, subject to a maximum of default FlexiCovers group life cover for the essential and inclusive options. This maximum benefit will increase automatically from time to time unless the employer informs Momentum to the contrary.

The group life benefit can be reinstated if the member survives for 90 days after the date that the dread disease was first diagnosed. This applies to the essential option and the inclusive option.

There are two levels of payment for the three options (please read in conjunction with section titled "Standard Industry Policy Definitions for Certain Dread Disease Conditions"):

- Full payment: 100% of the benefit paid for serious and life threatening conditions.
- Partial payment: A percentage of the benefit paid for non-life threatening conditions depending on the severity of the claim.

This excludes the four “core” diseases explained in the section “Standard industry policy definitions for certain dread disease conditions”.

Members who receive any benefit remain covered for unrelated causes, ie multiples of 100% of payments can be made. Members who receive a partial benefit will remain covered for the same condition if there is progression to a higher severity level, but the benefit paid will be reduced by the amount previously paid. For example if a member has had kidney failure then he may claim again for cancer or blindness or loss of speech as these are unrelated conditions but may not claim for a heart attack or paralysis or a stroke as these as classified as related causes.

Family Protector

The Family Protector benefit comprises three parts, namely:

- funeral benefits
- education benefits
- health premium waiver benefits

Family Protector plus is available to members on Provider and Entrepreneur. An employer on Founder and Narrator may choose to upgrade to plus on the funeral benefit by increasing the amount for the member and the spouse/s for all their employees. However an individual member may not flex to plus.

Benefits the member must have to qualify	Family Protector base Benefits the member will get as members of the Founder, Narrator, Provider and Entrepreneur options	Family Protector plus Benefits available to Provider and Entrepreneur by the member paying a small additional premium
Retirement benefits	Funeral benefit base <ul style="list-style-type: none"> • R10 000 per main member and spouse/s • R5 000 per child 8 family members covered (the member, up to 2 spouses and 5 children)	Funeral benefit plus (FlexiCovers) The member can: <ul style="list-style-type: none"> • add children • add cover • add parents / parents-in-law • add cover for children
Retirement and disability	Funeral benefit base + Health premium waiver base (on disability) <ul style="list-style-type: none"> • pays medical scheme contributions if a member is disabled • only for members on Momentum Health • contributions are paid for 12 months • 	Funeral benefit PLUS + Health premium waiver plus (on disability) (FlexiCovers) The member can: <ul style="list-style-type: none"> • add years • add another medical scheme
Retirement and death benefits	Funeral benefit base + Health premium waiver base (on death) + Education benefit base <ul style="list-style-type: none"> • R10 000 per child for a maximum of 5 children if a member dies • money administered by FNB Trust 	Funeral benefit plus + Health premium waiver plus (on death) + Education benefit plus (FlexiCovers) The member can: <ul style="list-style-type: none"> • add children • add cover
Retirement, disability and death benefits	Funeral benefit base + Health premium (waiver base (on disability and death) + Education benefit base	Funeral benefit plus + Health premium waiver plus (on disability and death) + Education benefit PLUS (FlexiCovers)

Funeral benefit base

Following the death of the member or the member's spouse or child, the funeral benefit will provide a lump sum to cover the urgent expenses following a death. It provides the members with basic insurance cover to ease the financial burden placed on the family at a difficult time.

Eligibility

The funeral benefit base option is provided automatically to all members, under normal retirement age, with retirement benefits. A member's spouse/s and children will also enjoy cover.

The term "child" refers to:

- a natural or adopted (whether legally or by custom) child of the member and / or the member's spouse, up to the age of 21 if the child is unmarried or up to the age of 25 if studying full time or is incapable of earning an income because of a mental or physical defect;
- a stillborn child; a stillbirth is deemed to have occurred when a foetus dies after the 28th week of pregnancy.

A maximum of five children will be covered. For practical purposes the first five claims will be paid (regardless of whether the child is one of the eldest or not).

Spouse means the partner of the member, whether married legally or by custom or living as man and wife. Where the member has more than one spouse, up to two spouses may qualify for this benefit. For same sex partnerships, the member needs to have registered the partner as the "spouse" for the purpose of any employment records and benefits.

For every member (employee) a benefit is paid. For example if a husband, wife and 20-year old child are working for the same employer and the child dies, then three benefits are paid: one to the husband, one to the wife and one as the child is a member.

Benefit

The benefit for the member and spouse is R10 000 and for children it is R5 000. This amount of cover is fixed and does not depend on the member's salary or contribution.

Claims

Funeral claims are paid within 48 working hours of receipt of all relevant documentation. Notification of a claim must be received within 3 months of the date of death for it to be admitted. All requirements must be received within 4 months for the claim to be paid.

On the death of a child the details of the child will be compared to that stored on the system, except in the case of a stillbirth.

Information required at time of claim:

- Fully completed claim form
- Birth certificate
- Marriage certificate
- Death certificate
- Further proof of relationship with the member, which could include correspondence from the employer / minister / pastor / person of good standing in the community.

Funeral benefit plus

Members on Provider or Entrepreneur may flex up to the funeral benefit plus option. The members may:

- Increase the cover for their spouse/s and themselves to a maximum of R30 000 in tranches of R2 500. The benefit for the member and spouse/s is always flexed together.
- Include cover for additional children (maximum of two).
- Include cover for parents and / or parents-in-law. The maximum cover is R6 000 and a maximum of two parents and two parents-in-law will be covered. The maximum age for entry for the parents and parents-in-law is 74.
- Increase cover for children to a maximum of R30 000 in tranches of R2 500, provided that their cover doesn't exceed the member's cover. The member has to increase the cover to the same amount for all their children. The maximum amount for children under the age of six is R10 000 and for children over the age of six is R30 000.
- The member can at any time reduce these increased benefits, but not to a level lower than the funeral benefit base.
- A waiting period of 6 months will apply to any flexed benefit. This applies to the addition of parents, parents-in-law and children or increases in benefit levels.

Premiums that are paid for the additional family members will stop on the death of the added family member.

Disability option

This offers continuation of funeral cover to the member and family members until the member reaches normal retirement age with no further premiums if the member receives a disability income benefit.

Existing disabled employees will not automatically receive cover, unless Momentum has had a chance to evaluate the extent of impairment.

Education benefit base

The benefit is paid if the member dies and is used for the education of the member's children. The benefit supplements the group life cover the member has.

Eligibility

The education benefit is provided automatically to all members, under normal retirement age, with retirement benefits and group life cover.

The benefit paid is in respect of the member's children. The term child refers to a natural or adopted (whether legally or by custom) child of the member and / or the member's spouse, up to the age of 21. The benefit is paid to children that have been born at the time of the member's death.

Up to five children are covered.

Benefit

The benefit is a lump sum payment of R10 000 per child for a maximum of five children, up to the child reaching the age of 21. The benefit is paid to a trust called the Momentum Trust Limited. First National

Bank (FNB) administers the trust including the payment of the education costs and manages all the administration.

If a child dies before the age of 21 then the remaining benefit will be distributed to the surviving siblings. If there are no siblings then the remaining benefit will be paid into the deceased child's estate. If a member has more than five children and did not choose to add the additional children, then the remaining benefit will be paid to the child that was not previously a beneficiary. If a member does not have any children, this benefit will not be paid out.

Payment from the trust will be made in accordance with the following rules:

- Where there is more than one child, rules will apply per child.
- Payment will only be made on providing proof of education expenses. These educational expenses include, but are not limited to, school fees, school clothes and stationary.
- Interest at the FNB standard call rates will be earned on the balance of the lump sum in the trust.
- Trust costs will be deducted from the benefit amount. This includes an upfront fee of R285 per supplementary trust and an annual administration fee of 1.37% based on the capital amount in the trust. The annual fee is levied quarterly subject to a minimum fee of R34.20 per quarter.
- There is no annual limit on amounts withdrawn from the trust provided they education related. Once the lump sum in the trust has been exhausted, the benefit will cease.
- When children finish school or reach the age of 21 and are no longer studying (whichever is last), they will receive the remainder of the benefit as a tax-free lump sum.
- If at any time the amount in the trust is less than or equal to R5 000, the balance of the benefit will be paid out as a tax free lump sum.

Claims

The claims process follows the same terms and conditions as for the funeral benefit.

Education benefit plus

Members may flex up to the education benefit plus option. The members may:

- Increase the cover in tranches of R2 500 pa, per child. The maximum amount is 5 times the member's annual salary.
- Include cover for additional children (maximum of 2).

When the member moves to the plus option, FICA (Financial Intelligence Centre Act) information as requested by FNB (eg member's address, income tax no) must be provided.

Momentum reserves the right to underwrite any member that flexes the education benefit. A waiting period of 6 months will apply to any flexed benefit unless the member has been underwritten.

Health premium waiver base

The health premium waiver pays the premium to the member's medical scheme on the member's disability (if the member has an income or lump sum disability benefit) or on the member's death (if the member has a group life benefit). The premium paid will be for the same option that the member was on just before their death or disability.

Eligibility

The health premium waiver is provided automatically to all members under normal retirement age with retirement benefits and group life cover or retirement benefits and disability benefits. The base option covers members on the Momentum Health medical scheme. The member must have been on a medical scheme for a year prior to date of death or disability.

Benefit

The payment of the Momentum Health contributions will be for a period of 12 months from the end of the waiting period in respect of the disability benefit. This will be paid only for the member and dependants that were on the medical scheme prior to the member becoming disabled and on the option the member had chosen prior to becoming disabled. The contributions will be paid to Momentum Health for a member's dependants within a month of being notified of the member's death in respect of the option and the dependants that were on the medical scheme just before the member's death.

Health premium waiver plus

Members may flex up to the health premium waiver plus option. The members may:

- Increase the payment period, in tranches of 12 months up to a maximum of 5 years.
- Select another medical scheme. The monthly contribution paid to another medical scheme will be capped at R850 for a single member and R1 500 for a family.

Annual increases for members on Momentum Health will be covered by the health premium waiver benefit. Annual increases on another medical scheme will be capped to the medical inflation rate.

Members will be allowed to flex once a year in January.

Taxation

The contribution paid to the medical scheme in respect of a member receiving a disability income benefit is subject to income tax in the hands of the member. However, the member will be able to claim the appropriate deduction for medical expenses. The contributions will be reflected on the member's IRP5 tax certificate issued by Momentum.

Family Protector base

In the case of a hybrid scheme, ie where member contributions are invested in a pension fund and employer contributions are invested in a provident fund, the Family Protector base benefits are only paid once.



Housing guarantees

FundsAtWork offers housing guarantees for members, who need to renovate their home, buy a house, buy land to build a house or pay off another housing loan debt. The loans are provided by Standard Bank or FNB.

To qualify for a housing loan, a member must:

- have a permanent job and belong to the FundsAtWork umbrella fund; and
- be able to afford the monthly repayments.

When the member withdraws from the fund the outstanding amount of the loan is deducted from the benefit before payment to the member. If the member defaults on the payment of the loan for 90 days, while still a member of the fund, the bank may call up the loan.

If a member becomes disabled then the money in their retirement savings account will be used to repay the loan. If the member took out credit life insurance the loan will be settled using the member's retirement savings and the credit life insurance will be paid into the member's estate (in the case of death).

Interest rates

The interest rates available from FNB are lower than the prime lending rate and depend on the size of the loan.

Standard Bank offers loans at the prime lending rate on all loan amounts.

Maximum loan amount

There are two limits:

1. The maximum amount of surety the fund will provide is based on the member's withdrawal benefit.
 - FNB and Standard Bank on the FundsAtWork Umbrella Provident Fund
64% of the member's withdrawal benefit at the time of applying for the housing loan.
 - FNB and Standard Bank on the FundsAtWork Umbrella Pension Fund
64% of 1/3rd of the member's withdrawal benefit at the time of applying for the housing loan.

The benefit statement will show the exact maximum amount.

2. The amount that the member can afford to pay every month. This can be up to 25% of monthly salary or wages after deductions. Standard Bank / FNB will check whether a member can afford to take out the loan or not.

The main rules

- Credit life insurance is compulsory under First National Bank and optional under Standard Bank.
- The maximum time to repay the loan is 20 years or up to normal retirement age, whichever comes first.
- The interest rate on the loan is linked to Standard Bank's / FNB's prime lending rate, which can go up and down.
- If the interest rate goes up, then the time to repay the loan will be increased unless the member is close to retirement.

- There are procedures in place to confirm that the loan will be used for housing purposes. The bank can check what the loan has been used for.
- When taking out a housing loan, the amount of the member's retirement savings account, equal to the initial value of the housing loan, plus tax, will be invested in the Momentum Secure Bonus portfolio. The reason it is invested in the Momentum Secure Bonus portfolio is for safety as any money invested in this portfolio cannot have a negative investment return. This amount remains in the Momentum Secure Bonus portfolio for the duration of the loan. As the loan is repaid the member has access to a second loan (after three payments) as long as payments are not in arrears and the bank requirements are met. When the loan is repaid and the fund receives confirmation from the bank then the portion of the retirement savings account that was invested in the Momentum Secure Bonus portfolio will be invested in the same investment portfolio/s as the member's future contribution investments.
- The minimum loan amount the member can apply for is R5 000.
- The minimum monthly loan repayment is R100 for FNB and R200 for Standard Bank.

Multiply

Multiply is Momentum's lifestyle programme. The programme encourages members to improve their state of wellbeing. As members participate in healthy activities, they earn Multiply points. The more points they earn, the higher their status and the better their benefits.

Multiply has five distinct levels. The higher the status level, the better the benefits that the member gets in return. To progress up these levels, the member needs to accumulate Multiply points.

Multiply members receive incredible discounts from our partners. Members receive bigger discounts as they improve their status level from Bronze to Private Club.

Multiply offers members access to a wide range of benefits at leading partners in the form of immediate discounts that result in an upfront cash saving on the purchase from day one.

Members receive points every time they participate in an activity that contributes to their wellbeing. The more points they earn, the higher their status level and that translates into even greater discounts. The Multiply points per status level are:



FNB Smart Account

Members who withdraw from the umbrella fund and do not have an active bank account, can authorise Momentum to open a FNB Smart Account on their behalf. Once the account has been opened, the withdrawal benefit will be paid into the new account and the member can go to any FNB branch with their ID document to activate the account. For balances greater than R25 000, proof of residency will also be required.

Benefits

The FNB Smart Account is a card-based transactional account that offers the following additional benefits:

- R1 000 free funeral benefit as long as the account remains active.

- Free cellphone banking, telephone banking and online banking.
- Free transactions ie balance enquiries, purchasing pre-paid airtime, payments, inter-account transfers, mini-statements, purchasing Lotto tickets etc.
- Free inCONTACT – FNB’s messaging service that sends customers a sms or email every time a transaction above R100 takes place on their account.
- Withdrawals can be done at any FNB ATMs, FNB Branches and SASWITCH ATMs.
- Interest rates are tiered, earning better rates for balances above R4 500. Interest is paid on daily balances and capitalised monthly.
- FNB issues a Smart Account VISA Electron Debit Card that can be used at:
 - Retailers (where the VISA Electron sign is displayed) to pay for purchases using the card and the Personal Identification Number (PIN) instead of cash (safer and cheaper);
 - ATMs or FNB mini ATMs using the PIN; and
 - Branches over the counter using the PIN.
- No minimum balance is required to keep the account open.
- Different pricing options are available. Members will be able to select the most appropriate option for them when they activate their account. The pricing options are:
 - Pay as you use ;
 - Smart Account Zero monthly fee; or
 - Smart account unlimited.

Cellphone and email notification to members

Part of the communication policy that the trustees have approved refers to cellphone and email notification to members. This supports the education initiatives we have put in place for the members. Notifications are sent to members based on events such as switches and claims.



Employer portal

The employer controls all aspects of the monthly contribution and claim processes via the employer portal. The employer can add members, transfer members between branches and inform Momentum when members leave service. If a member wishes to take the withdrawal benefit in cash, Momentum will pay the member on the first day after leaving their current employer if notification occurred in time and the member has no tax problems. Momentum is the first retirement fund in South Africa able to make such a speedy payment.

If the financial adviser is acting on behalf of the employer then the financial adviser will be able to perform all of the above.

Some of the reports that can be accessed on the employer portal are:

- Contribution allocation (information regarding the allocation of contributions);
- Membership statistics (total number of members);
- Pending underwriting statement (report of outstanding medicals);
- Investment performance;
- Cashflow;
- Bulk benefit (sum assured reports); and
- Benefit structure.

External educators demonstrate the employer portal functionality to the employer. We request that the employer then completes the "Employer portal authorisation" documentation.

Definitions

Dependants

Dependants are the spouses and children of the member. A spouse is defined under the section called "Eligible spouse". Children are the natural or adopted (legally or by custom) children of the member and spouse.

The term child refers to:

- a natural or adopted (whether legally or by custom) child of the member and / or the member's spouse, up to the age of 21 if the child is unmarried or up to the age of 25 if studying full time at a recognized educational institution or is incapable of earning an income because of a mental or physical defect;
- a stillborn child - a stillbirth is deemed to have occurred when a foetus dies after the 28th week of pregnancy.

Eligible spouse

Spouse means the person with whom the member has entered into a union, which is recognised by Momentum as a marriage in accordance with any law or custom, and includes the following:

- a customary marriage concluded in accordance with customary law;
- a union recognised as a marriage under the tenets of any Asiatic religion;
- a permanent life partnership, provided that Momentum receives satisfactory proof that a permanent life partnership had been established in which the partners to such relationship had been living together for at least the last 6 months.

Temporary income disability

A member will be regarded as disabled and entitled to their benefit from the expiry of the waiting period if, in the reasonable opinion of Momentum, injury or illness has rendered them totally incapable of engaging in their own occupation.

Capital income provider

A member is regarded as disabled and entitled to the income disability benefit for the duration of the income disability benefit period if, in the reasonable opinion of Momentum, injury or illness has rendered them totally incapable of engaging in their own occupation.

A member will be regarded as totally and permanently disabled and entitled to the lump sum benefit after the expiry of the income disability benefit period if, in the reasonable opinion of Momentum:

- their injury or illness has rendered them totally, permanently and continuously incapable of engaging for remuneration or profit in their own occupation or any other occupation to which they are suited or for which they are or could reasonably be expected to become qualified by virtue of their knowledge, training, education, ability and experience;
- they have suffered the permanent loss of the use of two limbs or the sight in both eyes or the use of one limb and the sight in one eye; or
- their mental or physical condition has been permanently impaired to such an extent that they are unable to attend to their normal bodily functions.

Permanent health insurance

During the initial period, a member will be regarded as disabled and entitled to their benefit from the expiry of the waiting period if, in the reasonable opinion of Momentum, injury or illness has rendered them totally incapable of engaging either in their own occupation with their own employer, or their own occupation with any employer, or their own occupation or any alternative occupation with any employer, as indicated in the quote.

After the expiry of the initial period, Momentum will be entitled to assess whether or not the claimant is then capable of engaging in an alternative occupation with any employer. If Momentum, on the basis of objective medical evidence, regards the claimant as capable of engaging in an alternative occupation, whether or not the claimant is able to obtain employment in such alternative occupation, the benefit will be reduced and the following formula will apply:

$$\text{Current benefit} \quad x \quad \frac{(\text{Previous earnings} - \text{Current earnings})}{\text{Previous earnings}}$$

At any stage after the payment of the benefit has started, Momentum will be entitled to re-assess the claimant.

Lump sum disability

A member will qualify for a benefit if they suffer from total and permanent disability. Total and permanent disability is defined as:

- the total, permanent and continuous inability, in the opinion of Momentum, of a member due to injury or illness to engage for remuneration or profit in their own occupation or any other occupation to which they are suited or for which they are or could reasonably be expected to become qualified by virtue of their knowledge, training, education, ability and experience; or
- the total, permanent and continuous inability, in the opinion of Momentum, of a member due to injury or illness to engage for remuneration or profit in any occupation whatsoever, or the permanent impairment of a member's mental or physical condition to such an extent that they are unable to attend to their normal bodily functions; or
- the permanent loss by a member of the use of two limbs or the sight in both eyes or the loss of use of one limb and the sight in one eye.

Standard terms and conditions

Actively at work

Momentum requires a member to be "actively at work attending to and capable of attending to all their normal duties" on the first working day on which their cover starts or their entry will be deferred until they have submitted evidence of their good health and insurability satisfactory to Momentum, or completed eight consecutive weeks' service without absence. This provision also applies to increases in benefits brought about by increases in salary. Members on annual leave will be included as long as they do not receive medical attention for a condition that leads to their disability within eight weeks of their intended date of return to work.

Temporary absence

At the discretion of the employer the service of a member may be extended to include any period of temporary absence from active, full time employment. After 12 consecutive months' absence, all benefits in respect of the member will automatically terminate. A member's insurance salary can't be increased during the period of temporary absence.

Eligibility

All eligible employees must be insured as members under this scheme. The cover in respect of a member will, subject to compliance with "actively at work" and "temporary absence" requirements, start on their entry date. Where an employee becomes a member by the waiving of any eligibility condition, then the cover for such member will not start until Momentum has agreed in writing.

Medical expenses

Medical expenses incurred when providing evidence of health and insurability in respect of cover in excess of the free cover limit will be paid by Momentum. The employer will pay for the initial information and assessments required by Momentum in order to adequately assess a disability or a dread disease claim.

Exclusions (all insurance benefits)

The following exclusions will apply:

- Attempted suicide or self-inflicted injury. No benefit will be paid within the first two years of selection of the cover over the default benefit.
- Excessive use of liquor, wilful inhalation of gas, taking of poisons, drugs or narcotics (except under proper medical direction) for disability benefits. Wilful inhalation of gas under the group life benefit applies in respect of the accident cover during the medical evidence period.
- Any violation of the criminal law or any event occurring whilst in violation of the criminal law.
- Participation in any type of aviation except as a passenger.

War and riot

A member of the scheme will not be entitled to receive a death or a disability benefit for any claim:

- arising as a direct or indirect consequence of active participation in war, invasion, acts of foreign enemies, hostilities, warlike operations (whether war is declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power);

- occurring as a direct or indirect consequence of:
 - the use of nuclear, biological or chemical weapons, or any radioactive contamination; or
 - attacks on or sabotage of facilities (including, but not limited to, nuclear power plants, reprocessing plants, final repository sites and research reactors) and storage depots, which lead to the release of radioactivity or nuclear, biological or chemical warfare agents, irrespective of whether any of the aforesaid has been performed with the specific use of information technology.

Maximums for all insurance benefits

The maximum benefit (including the employer's waiver) will increase automatically from time to time unless the employer informs Momentum to the contrary.

Cover of previous dread disease claimant

A member who previously received a dread disease benefit will not be covered unless Momentum agrees to it.

Reduced benefit due to other disability benefit payments

Momentum will limit any benefit payable in respect of a claimant who is in receipt of additional income disability payments in order to limit over insurance.

Combination of lump sum disability and income disability benefits

A member may not have a combination of both lump sum disability and income disability benefits. The employer may select either one of the benefits for different groups of employees.

Escalation of benefit in payment for permanent health insurance

Subject to an appropriate adjustment to the premiums, an employer may provide for the benefit to escalate at any rate up to 10% per annum (integral % only). The escalation rate is limited to year on year increases in the official Consumer Price Index (all items).

Maximum monthly benefit for the income disability benefits

Members on FlexiCovers can choose cover of between 25% and 100% of insurance salary, subject to a maximum benefit of R150 000 per month. The same maximum will apply to all income disability benefits.

The maximum benefit will increase periodically unless the employer informs Momentum to the contrary. The same principle will apply to the employer's waiver.

A waiver of employer's contributions to FundsAtWork on behalf of the member can be added. The maximum is R30 000 per month and is additional to the maximum set out above. The employer's waiver covers the employer's contributions to the retirement fund and the insurance benefit costs.

The maximum selectable benefit is 100% of insurance salary subject to a maximum of 100% of the cost-to-company salary, including the waiver.

Continuous assurance option

When the member leaves their employer up to the age specified in the policy, the member has the option to take out an individual policy at ordinary rates for a sum assured less than or equal to the one they had under this scheme. Except for a cotinine test, the new policy will be issued without the member having to provide evidence of health and insurability.

The type of individual policy that the member will be offered, will be the Momentum product best suited to replace the previous group cover.

The amount of cover provided under the new individual policy will be limited to the amount that was available to the member under the group scheme that wasn't subject to any restrictions, special terms, loadings or additional rates.

The employer may choose the continuous assurance option up to ages 55, 60, 63 or 65 for group life cover. This option is only available to age 55 for income and lump sum disability benefits. Dread disease benefits allow this option up to age 55 or 60.

Option to continue cover in the event of a disability claim

Where this option is specified in the quote, the following will apply:

Where the member is entitled to receive a disability income benefit from a scheme arranged by the employer, the group life cover will be paid on the death of the member before the cover cease age or their early retirement, whichever is the earlier, unless otherwise stated in the policy.

Accident cover during medical evidence period (free accident cover)

In order to protect a member's insurance during the time they submit evidence of insurability, Momentum provides accidental death and disability cover. This cover applies for one year following the date the member's benefit first exceeds the free cover limit or any higher level to which Momentum has accepted them. There is no extra charge for the accident cover provided for this period.

The members will qualify for the following cover during the medical evidence period:

- Death or disability not as a result of an accident: Full death or disability cover up to the free cover limit.
- Accidental death or disability: Full cover, not restricted to the free cover limit, subject to a maximum of R10m for group life cover, R1.5m for lump sum disability and R57 000 per month for income disability.

If medicals are not submitted by the end of the 1st year submission period, the member will be restricted to the free cover limit even for accidents. The member will not be entitled to accident cover from that point onwards.

Accident is defined as involuntary bodily damage through external, violent and sudden means. Epidemics, infectious diseases and poisoning are not considered accidents. Furthermore, no accidental death cover will be paid where death is wholly or partially, directly or indirectly caused by or traceable to suicide, excessive use of liquor, use of poisons, drugs or narcotics, terrorism or participation in any type of aviation except as a passenger.

Pilots and drivers

If a member's employment is dependent on their being in possession of a valid pilot's or driver's licence no disability claim will be recognised unless it renders them incapable of engaging in any occupation for remuneration or profit.

Standard industry policy definitions for certain dread disease conditions

From 1 September 2009 Momentum has been following an industry standard of assessing certain dread disease (critical illness) events, to ensure that consistent and objective claims decisions are made.

The former Life Offices Association (LOA), whose members are now part of ASISA (Association for Savings & Investment SA), set up SCIDEP (Standardised Critical Illness Definitions Project) to derive a set of standard industry definitions.

The standard definitions apply to the following four “core” diseases, which make up between 70% and 90% of all dread disease claims:

- heart attack
- cancer
- stroke
- coronary artery bypass graft (CABG).

All other conditions not listed above will be assessed in terms of Momentum’s standard policy definitions and terms.

In order to provide greater transparency in terms of how the above dread disease events will be assessed, ASISA has provided a set of ‘Layman’s’ definitions to be provided to policyholders at quote stage, and a Disclosure Grid setting out the percentages which an insurer will pay out, depending on the severity levels of the dread disease event. The Layman’s definitions and the Disclosure Grid are set out below. Please note that the definitions are more comprehensively defined in the policy, and should there be any discrepancy between the Layman’s definitions and the policy conditions, the provisions of the policy will apply.

Heart attack - Layman’s description

Four levels of severity of heart attacks are defined:

- Level D is the mildest and Level A the most severe.
- In both levels C and D the patient recovers fully and the heart function returns to normal.
- In levels A and B, more permanent damage has resulted, which means the heart function is less than 100% after recovery.
- The effect of the heart attack on heart function should be measured 6 weeks after the heart attack.

Level A: Heart attack severe impairment in function

These are heart attacks where a significant proportion of the heart muscle was damaged. The same tests are used to measure the damage as under Level B but the results would show a more serious level of impaired function.

This person will have difficulty coping with normal activities of daily living, and will most likely not be able to work.

Level B: Heart attack with mild permanent impairment in function

This is usually a heart attack that does not recover 100% of normal function. The degree of permanent damage can be measured by a heart sonar, an exercise tolerance test or a measurement of physical abilities. These measurements should be performed 6 weeks after the heart attack.

A person with this level of heart damage should still be able to manage normal daily activities and even their occupation, if the occupation does not involve strenuous physical work. However, this person's insurability will be adversely affected, and the future risk for a repeat cardiac event is high. Significant lifestyle adaptation and risk factor modification are indicated.

Level C: Moderate heart attack of specified severity

In this case damage to the heart muscle is more than in Level D. In some cases a cardiologist will intervene early and reverse the potential damage. This intervention may include administration of drugs to dissolve the blood clot in the coronary artery/ies, balloon stretching of the coronary artery, with or without a stent.

Because the clinical methods of diagnosing this level of heart attack are unambiguous, only two of the three criteria are required:

- Typical chest pain or other symptoms typically associated with a heart attack.
- Certain defined ECG changes. At this level the changes are more marked and more specific to a heart attack.
- Elevated blood test results greater than required for Level D.

Level D: Mild heart attack with full recovery

This is a heart attack where the ECG changes and blood test results are mildly abnormal. Therefore, all three criteria are required, ie:

- Typical chest pain or other symptoms associated with a heart attack.
- Certain defined ECG changes.
- An elevation in certain blood test results.

Cancer - Layman's description

Cancer is an uncontrolled growth that spreads into the normal tissue surrounding the organ where the cancer originates. The diagnosis must be supported by tests where a pathologist confirms the presence of cancer cells using a microscope. Some cancers have been specifically excluded because:

- The long term outcome is good and the effect on quality of life is minimal; and
- Treatment is neither expensive nor extensive.

There are specific exclusions to this definition that include:

- Cancerous cells that have not invaded the surrounding or underlying tissue.
- Early cancer of the prostate gland and breast.
- All cancers of the skin except cancerous moles that have invaded underlying tissue.

Staging of cancer

As a general rule there are four stages of cancer. Stage 1 cancer is defined by an invasive cancer confined to the tissue or organ of origin. Stage 2 cancer is defined by the involvement of adjacent structures or organs. Stage 3 cancer involves spreading to regional lymph nodes. Stage 4 cancer is characterised by distant metastasis.

However, each type of cancer is staged specifically by the American Joint Committee for Cancer (AJCC). This staging is based on the outcome of the specific cancer and does not always follow the general rule as stated above. In order to standardise staging, ASISA used the AJCC system which is the same system used in clinical practice by specialists who treat cancer.

Stroke - Layman's Definition

A stroke occurs when the blood supply to a portion of the brain is obstructed and this part of the brain tissue dies. It can also happen when there is bleeding into the brain tissue due to a weakening or abnormality of the blood vessel wall. A common cause of the rupture of a brain blood vessel is longstanding uncontrolled high blood pressure.

The result of a stroke is usually paralysis of an arm and leg, sometimes with one half of the face affected as well. In some cases people also lose their ability to speak. The paralysis can recover to varying degrees. Some recover fully, whereas others may retain permanent weakness of a limb/s.

A Transient Ischaemic Attack (TIA) does not cause a stroke. It occurs when the blood supply is momentarily interrupted, but restored before any permanent damage can occur. It usually results in one or more of the following symptoms:

- a loss of sensation;
- dizziness;
- lameness of a limb; or
- loss of speech,

which only occur for a few minutes to hours and recovery is quick and spontaneous.

Coronary artery bypass graft (CABG) - Layman's definition

Coronary artery bypass graft surgery, also called heart bypass or bypass surgery is a surgical procedure performed to relieve chest pain and reduce the risk of death from heart disease.

Arteries or veins from elsewhere in the patient's body (most commonly the leg) are joined to the coronary arteries of the heart to bypass the narrowings of the affected or diseased arteries. This improves the blood supply and circulation to the heart muscle. The terms "single bypass", "double bypass", "triple bypass", "quadruple bypass" and "quintuple bypass" refer to the number of coronary arteries bypassed in the procedure.

This surgery is usually performed with the heart stopped, necessitating the usage of highly specialised theatre equipment to keep the heart and the lungs working during the course of the operation.

The grid below specifies Momentum's percentage payouts for each of the defined illnesses:

Dread disease benefit Disclosure Grid as measured against ASISA critical illness definitions (severity level payments)

DEFINED ILLNESSES	SEVERITY LEVEL			
	A Most severe	B Moderate impairment	C Mild impairment	D Almost full recovery
Heart Attack	100%	75%	50%	50%
Coronary artery bypass graft (CABG)	100%	50%	50%	50%
Stroke	100%	50%	50%	10%
Cancer	100%	100%	100%	50%

Pre-existing conditions

Disability

No benefit will be paid if the member is disabled during the first 12 months of their membership, if their disability is the result of an injury or illness for which they received medical treatment in the 6-month period preceding the commencement of their membership.

Dread disease

If any contingent event occurs within 24 months of the member's entry, arising directly or indirectly from a condition for which the member had been treated during the 24 months prior to entry or of which they were aware at the date of entry into the scheme, no dread disease benefit will be paid.

Any period of membership served under the previous arrangement will be taken into account in applying this condition (ie only the expired portion of the twenty-four month period would be taken into account).

The conditions specified above may be waived in negotiation with Momentum, provided the conditions have been fulfilled under the previous arrangement, but only in respect of the amount of cover provided by the previous scheme at standard rates for such member's age and risk class.

Fees and other expenses

Recoupment of costs

The employer will decide on a contribution that will apply to all members. The following costs are deducted from the employer contributions:

- cost of insurance benefits;
- product fees; and
- commission.

The balance of the employer contributions will be invested on behalf of the members. In the event that the employer contribution is not sufficient to cover the cost of the insurance benefits, the product fees and commission, these will be deducted from the member contribution.

If a member flexes up on a scheme where insurance premiums are exclusively costed, then the additional insurance premiums will be deducted from the member contribution. For inclusively costed schemes, the additional insurance premiums will be deducted from the employer contribution.

If the member moves to an option higher than the one the employer has chosen, then the difference in management fees between the default option and the higher option can be deducted from the member contribution if the scheme is exclusively costed.

Product fees

The product fees include the cost of:

- collecting, allocating and investing contributions received on a monthly basis from the employer;
- paying claims; and
- member web access.

No additional fees are levied on the installation of a scheme, on transferring the business of an existing scheme into the fund or on termination of an employer's participation. However, on liquidation of a participating employer, liquidation fees are charged.

Fund expenses

Fund expenses are charged over and above the product fees. The fund expenses for the year 1 July 2012 to 30 June 2013 are:

	FundsAtWork Umbrella Pension Fund	FundsAtWork Umbrella Provident Fund
Audit fee	R0.73	R0.28
FSB levy	R1.49	R1.54
Fidelity cover	R0.04	R0.02
Trustee fee	R0.40	R0.40
Valuation fee	R0.48	R0.26
Total per member per month	R3.14	R2.50

Fees for home loans

If the employer wishes to make use of the home loan guarantee facility, an ongoing fee of R17 per month will be charged to each member who elects to take out a home loan. This excludes the bank's normal monthly administration fees.

Advice fee for independent investment adviser appointed by the member

A % (max 2%) of every net contribution made in respect of the member; and

A % (max 1%) per annum of the assets held by the fund on behalf of the member; and

A % (max 10%) per annum of the positive out-performance of the assets over a positive benchmark (to be stipulated) calculated on a money-weighted basis, over a period of 12 months ending on a specific date (to be stipulated), every year.

The total of the fees above will not exceed 3% of the member's assets over a 12 month-period.

Advice fee is exclusive of VAT and is paid monthly in arrears.

Members in the Provider and Entrepreneur product options may appoint an investment adviser.

Advice fee for independent investment adviser appointed by the advisory body

A % (max 1%) of every net contribution made in respect of the members; and

A % (max 0.5%) per annum of the assets held by the fund on behalf of the members; and

A % (max 5%) per annum of the positive out-performance of the assets over a positive benchmark (to be stipulated) calculated on a money-weighted basis, over a period of 12 months ending on a specific date (to be stipulated), every year.

The total of the fees above will not exceed 1.5% of the members' assets over a 12 month-period.

Advice fee is exclusive of VAT and is paid monthly in arrears.

Fees for Multiply

Members pay a monthly membership fee if they join Multiply. This fee varies in line with the family membership, as indicated in the table below:

Single	R136
Family of two	R156
Family of three or more	R166

The cost is collected from each member's bank account.

Fees for Family Protector

The Family Protector "base" options are provided for free. All premiums applicable to the Family Protector plus options will be revised on 1 July each year. This implies that, should a scheme's inception date be in June, the fees will change within a month from inception.

Additional cover for:	Funeral benefit plus
Member & spouse	R6pm per R2 500
Parents	R9pm per R3 000 per person
Parents-in-law	R9pm per R3 000 per person
Children	R1pm per additional child for base
Children's cover	R3pm per R2 500 per child

Additional cover for:	Education benefit plus
Children	R5pm per R10 000 per child

Additional years under:	Health premium waiver plus
Momentum Health	
FlexiCovers group life	R11pm for every year added
FlexiCovers disability	R5pm for every year added
Another medical scheme	
FlexiCovers group life	R15pm for every year added
FlexiCovers disability	R7pm for every year added

Asset based fee

An asset based fee (excl VAT), which is applied at member level, is charged to the members belonging to the Entrepreneur options. The asset based fee will only be applied on investments in external portfolios.

Assets	Annual fee
Less than R750 000	0.55%
R750 000 to R1 500 000	0.30%
Above R1 500 000	0.00%

Asset management fees

Asset management fees are paid to the asset manager that manages or co-ordinates the investment of the fund's assets. These fees are recouped monthly by redeeming units in each member's investment portfolio and are applicable to both the umbrella fund and the preservation fund:

Single manager portfolios

Portfolios	Annual fee
Momentum Balanced	0.75%
Momentum Bond	0.50%
Momentum Money Market	0.50%
Momentum Gold Bullion Fund	0.90%
Momentum Capital Plus	0.50%
Momentum Inflation Guaranteed Fund	1.00%
Momentum InflationGro	1.50%

The returns on the Momentum InflationGro, Momentum Inflation Guaranteed Fund, Momentum Capital Plus and Momentum Life Stage Portfolios are declared net of the above asset management fee.

An initial fee of 0.15% is charged on the Momentum Gold Bullion fund. The asset management fees are accrued for and deducted daily in the unit price.

For the Momentum Capital Plus fund a performance fee of 25% of the outperformance above CPI + 2% will be charged. The performance fee is capped as a maximum of 3%.

Multi manager portfolios

Scheme investment size	Momentum MultiManager Aggressive Annual fee	Momentum MultiManager Balanced Annual fee
First R50m	1.00%	1.00%
Next R100m	0.90%	0.90%
Next R200m	0.80%	0.80%
Above R350m	0.75%	0.75%

The fee levied on the Momentum Super Nation Fund is 0.855% pa and is deducted from portfolio returns. Unit prices are therefore net of fees.

Portfolios	Annual fee
Momentum MultiManager Money Market	0.50%
Momentum Secure Bonus	1.50%
Momentum Lifestages	1.50%
Momentum Passive Lifestages	0.85%
Momentum Shari'ah Fund	1.50%
Momentum Multi-Manager Smooth Growth Fund Global	1.50%*
Momentum Asset Management CPI +5% (Global) Fund	1.50%

The returns on Momentum Secure Bonus are declared net of the above asset management fee.

VAT is paid over and above the above-mentioned fees for multi manager portfolios.

*The fee on Momentum Multi-Manager Smooth Growth Fund Global represented is the total fee which consists of a capital charge of 1.00% and an asset management charge of 0.50%. Returns are declared net of the capital charge of 1.00%. The capital charge is based on the underlying market value of the assets of the portfolio and the asset management charge is based on the book value of the portfolio.

Unit trusts

The fund managers of the underlying unit trusts will charge initial and ongoing management fees. These fees are included in the price of the unit trust. In some cases Momentum has negotiated favourable initial fees. Initial and ongoing fund manager fees vary between funds.

Commission

Commission is subject to the following legislated maximum and may change from time to time:

Annual contribution	Percentage
First R142 000	7,50%
Next R103 000	5,00%
Next R284 000	3,00%
Next R1 021 000	2,00%
Above R1 550 000	1,00%

Tax aspects

Normal contributions

Member contributions to a pension fund are tax deductible, to a maximum of 7,5% of the member's remuneration. Member contributions to a provident fund are not permitted as a tax deduction, which means that an employee's salary is first taxed before contributions to a provident fund are deducted.

Employer contributions to a pension fund, provident fund or benefit fund are tax deductible in terms of section 11(l) of the Income Tax Act, to a maximum of 10% of an employee's approved remuneration or such higher amount as the Commissioner for the South African Revenue Services (SARS) may regard as reasonable and allow. Current departmental practice by SARS is to allow a deduction of up to 20% of remuneration. This 20% includes contributions to a benefit fund, which is defined to include *any medical scheme registered under the provisions of the Medical Schemes Act, 1998*. Put differently, the employer's total contribution towards a pension fund, provident fund and medical scheme is limited to 20% of the employee's approved remuneration.

Additional voluntary contributions

Additional voluntary contributions (AVCs) are contributions made by either a member or their employer, over and above the normal contributions, in order to secure additional benefits for the member. This may only be done if the rules of the fund allow it.

Where a member's normal contributions and AVCs to a pension fund are less than the allowable 7,5%, both their normal contributions and AVCs can be claimed as a tax deduction. Any contributions in excess of the 7,5% may only qualify as a tax deduction upon the member's withdrawal or retirement from the fund.

Section 11(k)(ii) of the income Tax Act provides for the following deduction: "*any sum contributed during the year of assessment to any pension fund by any person who as a member of such fund, has in terms of the rules governing such fund undertaken to pay such sum in respect of any past period which is to be reckoned as pensionable service of that member: Provided that - (aa) the deduction to be allowed in respect of sums so paid shall not in the year of assessment exceed the sum of R1 800.*"

This is often understood to mean that a member in a defined contribution pension fund will be entitled to deduct R1 800 per annum in respect of additional voluntary contributions to that fund. SARS has however confirmed that 'the R1 800 per annum tax deduction for arrear contributions to a pension fund is available only to the extent that the member is so contributing pursuant to the purchase of past service in terms of the rules of the fund concerned'. Accordingly this R1 800 can only be used if it relates to the buyback of past service.

In a provident fund, the same principle as that applying to normal contributions apply in respect of AVCs made by a member – AVCs are not tax deductible in the year of assessment in which the contributions are made; these contributions are also made from a member's after tax salary.

As stated above, employer contributions up to 20% of the employee's remuneration is tax deductible. In so far as the employer's normal contributions and their AVCs to a pension fund, provident fund and medical scheme in respect of a member is less than the prescribed maximum of 20% of the employee's approved remuneration, both the normal contributions and AVCs will qualify as a tax deduction. Contributions in excess of the 20% will not be tax deductible.

In summary taxation on contributions and claims are as follows:

	Pension funds	Provident funds										
Employee: Section 11(k) of Income Tax Act	1. Current contributions which are the greater of: <ul style="list-style-type: none"> - 7,5% of remuneration derived from retirement funding employment, or - R1 750 per annum 2. Contributions for past service up to R1 800 per annum	No tax relief										
Employer: Section 11(l) of Income Tax Act	Total deductible from taxable income <ul style="list-style-type: none"> ▪ Maximum of 10% of employees' approved remuneration in respect of pension and provident funds and medical aid schemes is deductible on a cumulative basis ▪ In practice, SARS allows a cumulative deduction up to 20% ▪ Single premiums may be spread over a few years or deducted as a lump sum 	As for pension										
On retirement, retrenchment and death: Second Schedule to Income Tax Act	From 1 March 2011 these benefits are taxed in accordance with the following table: <table border="1" data-bbox="411 943 1358 1240"> <thead> <tr> <th>Taxable income from lump sum benefits</th> <th>Rate of tax</th> </tr> </thead> <tbody> <tr> <td>Not exceeding R315 000</td> <td>0% of taxable income</td> </tr> <tr> <td>Exceeding R315 001 but not exceeding R630 000</td> <td>R0 plus 18% of taxable income exceeding R315 000</td> </tr> <tr> <td>Exceeding R630 001 but not exceeding R945 000</td> <td>R56 700 plus 27% of taxable income exceeding R630 000</td> </tr> <tr> <td>Exceeding R945 001</td> <td>R141 750 plus 36% of taxable income exceeding R945 000</td> </tr> </tbody> </table> <p>Retirement benefits are taxed on an accumulated basis, which means that all withdrawal benefits received on or after 1 March 2009 and retirement benefits received on or after 1 October 2007 have to be taken into account in determining the tax paid on a specific retirement benefit.</p>		Taxable income from lump sum benefits	Rate of tax	Not exceeding R315 000	0% of taxable income	Exceeding R315 001 but not exceeding R630 000	R0 plus 18% of taxable income exceeding R315 000	Exceeding R630 001 but not exceeding R945 000	R56 700 plus 27% of taxable income exceeding R630 000	Exceeding R945 001	R141 750 plus 36% of taxable income exceeding R945 000
Taxable income from lump sum benefits	Rate of tax											
Not exceeding R315 000	0% of taxable income											
Exceeding R315 001 but not exceeding R630 000	R0 plus 18% of taxable income exceeding R315 000											
Exceeding R630 001 but not exceeding R945 000	R56 700 plus 27% of taxable income exceeding R630 000											
Exceeding R945 001	R141 750 plus 36% of taxable income exceeding R945 000											

	Pension funds	Provident funds
On withdrawal: Second Schedule to Income Tax Act	From 1 March 2009 these benefits are taxed in accordance with the following table:	
	Taxable income from lump sum benefits	Rate of tax
	Not exceeding R22 500	0% of taxable income
	Exceeding R22 500 but not exceeding R600 000	18% of taxable income exceeding R22 500
	Exceeding R600 000 but not exceeding R900 000	R103 950 plus 27% of taxable income exceeding R600 000
	Exceeding R900 000	R184 950 plus 36% of taxable income exceeding R900 000
Withdrawal benefits will be taxed on an accumulated basis. This means that all withdrawal benefits received on or after 1 March 2009 and retirement benefits received on or after 1 October 2007 have to be taken into account in determining the tax paid on a specific withdrawal benefit.		

Note:

Annuities (pensions) are taxed as income, at the member's marginal tax rate.

Provided by the fund (approved) vs self standing (unapproved) insurance benefits and their taxation

Lump sum disability benefits can be provided by a retirement fund (approved benefits) or by a self standing (unapproved) group disability scheme.

Disability income benefits are provided under a self standing (unapproved) disability income insurance scheme.

Group life schemes can be approved if they form part of the benefits offered in terms of the rules of approved pension or provident funds. A self standing (unapproved) group life scheme constitutes a contract for the benefit of a third party, ie it is a group insurance contract entered into by the employer with an insurer for the benefit of eligible employees of the employer.

Taxation Laws Amendment Act, 2011 - Taxation of self standing (unapproved) insurance benefits

The recent changes to the Income Tax Act (ITA) have impacted on the taxation of the premiums and proceeds in respect of an employer owned self standing (unapproved) policy. The main changes effective 1 March 2012 which impact on insurance policies issued by Momentum where the benefit is paid to the employer are:

- Employers must ensure that the premiums paid on behalf of an employee are taxed as a fringe benefit in the employee's hands.
- The employer can then claim a deduction for the premiums in terms of section 11(w)(i) of the ITA.
- Proceeds received will then also be tax exempt in the employee's hands unless the employee was entitled to a further deduction in terms of section 11(a) of the ITA for example in the case of a disability income benefit.
- If the employee was entitled to a deduction in terms of section 11(a) of the ITA, then the policy proceeds will be taxable.

	Lump sum	Disability income
Employer	Deduction for premiums paid	Deduction for premiums paid
Member	Premiums taxed as fringe benefit	Premiums taxed as fringe benefit & deduction for premiums
Duty of employer	Include fringe benefit for PAYE	Include fringe benefit and deduction for PAYE
Benefit	Tax-free – exemption will apply	Taxed – included in gross income, no exemption

Disclosure in terms of the Financial Advisory and Intermediary Services Act (the FAIS Act)

Momentum Group Limited (registration number: 1904/002186/06) ("Momentum") the product provider and supplier is registered as a financial services provider in terms of the FAIS Act (FSP number: 6406) and is authorised to provide financial services in respect of Long-term Insurance Category A, B, C & Pension Fund Benefits (excluding retail pension benefits).

Momentum's contact details are:

Physical address	268 West Avenue, Centurion, 0157
Postal address	PO Box 7400, Centurion, 0046
Telephone	0860 65 75 85
Fax	012 675 3970
Email address	clientcontactcentre@momentum.co.za
Website	www.momentum.co.za

Momentum has professional indemnity and fidelity insurance cover.

Momentum accepts responsibility for the actions of its representatives acting within their mandates, in rendering financial services as defined in the FAIS Act. Our representatives meet the fit and proper requirements as prescribed by the FAIS Act.

The compliance officer is Francois Jooste who may be contacted at the above postal address, by telephone on 012 673 7479, by fax on 012 673 7739 or by email at clientcontactcentre@momentum.co.za.

The complaints resolution officer is Brian Segoe who may also be contacted at the above postal address, by telephone on 012 673 7838, by fax on 012 675 8502 or by email at clientcomplaints@momentum.co.za. All complaints should be in writing and accompanied by any supporting documents. The complaints resolution procedure can be viewed on our website.

If the complaint is in respect of "financial services" rendered by Momentum or a duly appointed representative and was not resolved within six weeks or it is not resolved satisfactorily, the complainant may refer the matter to the Ombud for Financial Services Providers ("the FAIS Ombud"). A complaint should be referred to the FAIS Ombud within six months of the date on which the complainant was advised of the outcome by the complaints resolution officer. The FAIS Ombud's contact details are:

PO Box 74571
Lynnwood Ridge
0040

Tel	012 470 9080/99
Fax	012 348 3447
Email	info@faisombud.co.za
Website	www.faisombud.co.za

If the complaint is product related; the complainant should refer it to the Ombudsman for Long-term Insurance ("the Ombud"). The Ombud's contact details are:

Private Bag X45

Claremont

Cape Town

7735

Tel 021 657 5000

Fax 021 674 0951

Email info@ombud.co.za

Website www.ombud.co.za

Disclaimer

Momentum and the fund accept no liability where information in this document conflicts with the rules of the fund. All the rights of the members are embodied in the rules of the fund and the insurance policies issued to cover insurance benefits.