



momentum

trustee newsletter for
participating employers

December 2011 / January 2012

FundsAtWork
Umbrella
Pension and
Provident Funds



Your 'above board' board of trustees

The FundsAtWork board of trustees has the best interest of the members and participating employers at heart. But who are these people we call the board of trustees and what duties do they perform? One of the most important responsibilities of the board of trustees is to ensure that adequate and appropriate information is communicated to the members of

the Funds informing them of their rights, benefits and duties in terms of the rules of the Funds. For the trustees to fulfil the duty of communicating with the members it is important that Momentum as the administrator has valid and up to date member contact information.

The FundsAtWork Umbrella Pension and Provident Funds have four independent

trustees and two sponsor appointed (Momentum) trustees.

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

IN THIS ISSUE

PAGE 02

Harness the
counsel of your
advisory body

PAGE 03

bigger
definitely being
better



Harness the counsel of your advisory body

No business is too small to benefit from having an advisory body to ensure that the interests of members are protected at all times.

Each participating employer of the FundsAtWork Funds has to form an advisory body consisting of at least two members, one appointed by the employer and one elected by the members. The advisory body will provide information and make recommendations to the trustees, taking members' interests into account.

Investment choices and the role of the advisory body

When a scheme is first installed the advisory body is requested to choose the default product option/s as well as the investment portfolio/s within these options. The advisory body is tasked to make this choice as they know the profile of the employees. It is advisable that the advisory body when making this choice work with the financial adviser to the scheme and that the financial adviser provides a written record of advice.

If an individual member approaches a representative member of the advisory body and asks for investment advice or whether they will have enough money to retire with the representative member should not give any advice on these matters. The representative member should steer the member to the financial adviser. If the representative member does provide the member with advice then they can be sued in their personal capacity.

Duties and responsibilities

Certain duties are relevant for the members of the advisory body. The advisory body should:

- Take reasonable steps to ensure that the interests of members are protected at all times,
- Act with due care, diligence and good faith,
- Avoid conflicts of interest,
- Act with neutrality in respect of all members and beneficiaries.

Amongst other responsibilities the advisory body has the duty to provide the trustees and the administrator with any information required to ensure the efficient management of their participation in the umbrella fund.

To read the full article on the responsibilities of the advisory body please send an email to fundsatworkcommunication@momentum.co.za.



Can an employer deduct money from a member's pension or provident retirement savings account in favour of the employer?

From time to time we receive enquiries from both participating employers and members on this topic. Let's answer this question by looking at what the Pension Funds Act states.

The Pension Funds Act allows for certain deductions from a member's benefit. One such deduction is for damage caused by the member to the employer regarding theft, dishonesty, fraud or misconduct and where:

- the member has admitted liability, in writing, to the employer; or
- a judgment has been obtained against the member.

In the case of the member admitting liability in writing to the employer, the member must sign an acknowledgment of guilt document confirming that he owes money to the employer as a result of a his (member's) wrongdoing. The amount to be deducted must be specified and the member must sign the acknowledgment of debt.

Where a judgment has been obtained against the member, the judgment must contain an order to the effect that an

amount must be paid by the member to the employer or an award for compensation to the employer for financial loss suffered.

The fund can only make the deduction from the member's benefit and pay it to the employer, if these requirements have been met.

Where the member has **not** admitted liability in writing and the employer has started or is in the process of starting civil proceedings against the member, the fund may also withhold the benefit until finalisation of the court case. The following requirements must be met:

- the employer must notify the fund's administrator (Momentum) in writing of a potential claim against the member at the same time as it notifies the administrator of the member's withdrawal,
- the employer should have already started legal proceedings against the member **or** must show that legal proceedings will be started without unnecessary delays, and
- the employer must inform the administrator of the amount of the claim as the amount to be withheld should not exceed the amount of the claim.

Does your financial adviser meet the criteria?

The advisory body of an employer or a member may nominate a financial adviser to provide investment advice to members and must ensure that they complete the financial adviser appointment form. The trustees of the fund will only appoint an investment adviser if he meets the following criteria:

- he must be an authorised financial services provider with a Category I Financial Advisory and Intermediary Services ("FAIS") licence, specifically licensed to provide advice on Category (b) or Category (c) financial products as defined in the FAIS Act,
- he must be registered as a key individual and / or a representative of the authorised financial services provider and
- he must have a CFA or CFP qualification or at least 10 years experience in providing investment advice.

The fees paid to the financial adviser will be as agreed between the advisory body member and the financial adviser and must be reflected on the financial adviser appointment form.

The financial adviser appointment may be terminated by the trustees if the adviser no longer meets the criteria as set by the trustees from time to time, or by the advisory body or member at any time.

For a copy of the financial adviser appointment forms please send an email to fundsatworkcommunication@momentum.co.za.

Enhancements and simplifications to meet your needs

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

Retirement range and investment portfolios

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

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

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

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

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

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

MSB remains the portfolio of choice for the following investments:

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

Disability enhancements

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

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

Family Protector

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

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

The Momentum and Metropolitan merger

a case of bigger definitely being better

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

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

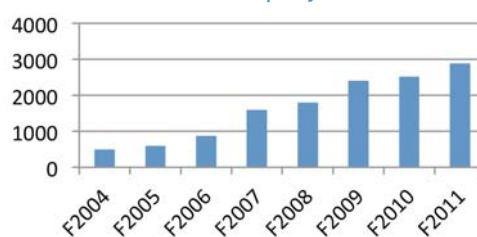
We believe that umbrella funds offer the most cost-effective and appropriate solution for small to medium size employers. FundsAtWork has been chosen as the single umbrella and preservation fund for Momentum Employee Benefits so members can be assured that their benefits will not be affected in any way.

Over the coming months, all current Metropolitan clients who qualify as small to medium size enterprises will be starting their journey to the Momentum FundsAtWork products, including both retirement and insurance benefits.

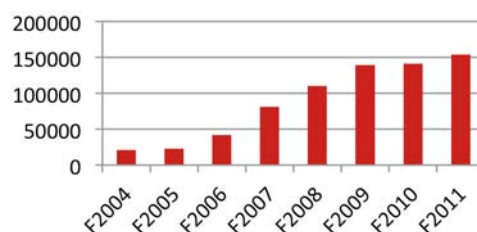
Members of the Metropolitan Preservation Fund will also be transferred to FundsAtWork. This means that our umbrella and preservation funds will enjoy even stronger growth in members and assets over the next year.

The FundsAtWork Umbrella Pension and Provident Funds have been in existence since 1996.

number of participating umbrella fund employers



number of umbrella fund members



How to enter

Send us your SARS mandatory fields by 14 February 2012. All employers who send us their information by the above date will be entered into a draw where they will stand a chance to win one of four iPads. The SARS mandatory fields can be uploaded via the employer portal on www.momentum.co.za/fundsatwork or it can be sent to your portfolio head in an Excel spreadsheet. See the attached pdf document for a list of the mandatory SARS fields.



Win an iPad!

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

Terms and conditions

The recipient of the prize must be an individual who is responsible for payroll on the FundsAtWork Umbrella Pension or Provident Fund. The prize is non-transferable and cannot be exchanged for cash. Momentum reserves the right to amend the competition end date at any time, depending on the responses received. Where the employer has elected the financial adviser to update the data, the contact person from the employer's payroll department will be eligible for the prize. The draw will be random and audited. The judges' decision is final and no correspondence will be entered into. The competition closes on 14 February 2012. Late entries may be included at the discretion of the judges. The draw will take place on 23 March 2012. Winners will be notified within seven days of the prize draw. All entries will undergo a quality control process. Entries with duplicate information will be disqualified, for example: the same email address for a number of employees. By entering this competition the participant accepts the full terms, conditions and rules of this competition and agrees to abide by these rules and any requirements. Momentum reserves the right to reduce the number of prizes should the minimum required entries not be achieved. Momentum reserves the right to change the terms and conditions as required by the auditors.



Empowering employers with Momentum's FundsAtWork on-line portal

The Internet has fundamentally changed the banking industry in South Africa by giving people more immediate control over the management of their finances. Self service technology in South Africa is fast becoming the norm with more than 5,3 million Internet users.

FundsAtWork's online employer portal gives employers and financial advisers immediate control over the management of member data and benefits. The system makes it easier for employers to perform transactions and saves time without compromising sound governance. Queries and reports are available at the push of a button.

Members and employers have instant online access to member benefits. The system is web-based therefore our clients do not have to be office bound in order to access the system.

Employers can quickly and securely add and update member information online, eliminating the need for paper-based tasks and reducing turnaround times around general data maintenance at month-end and claims stage.

When members leave their employer they have the option to transfer their retirement savings to the FundsAtWork Preservation Funds. The auto preserve facility on the employer portal supports full asset portability to the complementary FundsAtWork Preservation Funds. The member's benefit is automatically preserved with a real-time transaction and no losses are incurred, unlike with manual transactions.

For more information visit www.momentum.co.za/fundsatwork

FundsAtWork Umbrella Pension and Provident Funds Trustees

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