



Sanlam Employee Benefits
unclaimed benefits: a solution for preserving
unclaimed benefits and tracing members

Insurance

Financial Planning

Retirement

Investments

Wealth

about retirement fund administration

You might think that retirement fund administration is all about collecting contributions and paying benefits.

At Sanlam it's far more than that! For us, it is about designing and managing retirement fund administration solutions for over 630 000 members, providing a cost-effective and secure IT platform and communicating with members and trustees in a way that is easy to understand.





We strive to administer retirement funds

in such a way that each fund member understands the reason for retirement savings, financial goal-setting and investment strategies to ensure financial independence at retirement.

Retirement fund members have increasingly become responsible for planning their own retirement. As a result, they need appropriate solutions and regular encouragement to assess their retirement benefits and other investments.

Sanlam Employee Benefits' retirement fund administration team takes care of every aspect of fund administration - from member communication to death benefit distribution.





> When is a benefit regarded as unclaimed?

A benefit becomes unclaimed if it is not paid within 24 months after it is legally due and payable to a member. An unclaimed benefit will remain in the retirement fund and may only be transferred to an unclaimed benefit fund if it is not claimed within the 24 month period.

> Who is the product for?

The Funds are available to any retirement fund's board of trustees, whose objective is to preserve their fund's unclaimed benefits in an unclaimed benefit vehicle. The Funds also have a duty to trace and pay benefits to unclaimed members.

This could include unclaimed benefits accrued in their fund in respect of members, former members, and pensioners. Legislation also allows benefits of deceased members to be paid into an unclaimed benefits fund.

The Funds protect the benefits transferred by the boards of trustees of other retirement funds in respect of members, while these members are being traced.

> Tracing of members

The board of trustees of the Funds are responsible for managing and tracing the unclaimed benefits.

The board of trustees adopted an official tracing policy with the following features:

All fund credits below R1 000 are referred for an ITC trace to obtain contact details for the member. This is done free of charge. Unsuccessful traces are re-referred on a periodic basis.

- > All fund credits above R1 000 are referred to a tracing agent. If the trace is unsuccessful, the member is referred to a second tracing agent.
- > The appointed tracing agents have a comprehensive database and boast a success rate higher than the industry average.
- > Quaterly reports are provided to the board of trustees of the Funds, to monitor the rate of successful traces.

> Minimum amount

The Funds do not impose a minimum unclaimed fund credit on transfer.

> Investment Mandate

Unclaimed benefits transferred to the Funds are invested in the SIM Active Income Fund for the first year after commencement and thereafter phased into the Sanlam Absolute Return CPI +5% portfolio.

The board of trustees may alter this investment strategy from time to time, depending on the market performance and capital available in the Funds.



> Income Tax

The Funds may receive pre and post-tax benefits. Benefits that have been taxed or are exempt from taxation will retain this status. Benefits that were not taxed on transfer will be taxed when claimed.

Sanlam Employee Benefits, as the appointed fund administrator, will issue the annual required IRP5 certificates once the unclaimed members are paid.



> Cost and fees

The cost structure is simple and straight forward and a cost-effective solution for dealing with unclaimed benefits in a retirement fund.

The cost for the administration of unclaimed benefits is not subsidized by the active members of the transferring funds.

The following fees are applicable:

- ① Administration fee
- ① Investment management fee
- ① Standard tracing fee



Contingency Reserve Account

The contribution (included in the admin fee) to the contingency reserve account is utilized for:

- ① Taxes and levies imposed by regulation
- ① Premiums for fidelity and professional indemnity insurance for the Funds
- ① Fees and reimbursements payable to consultants, advisers and other service providers
- ① The cost of audits
- ① The remuneration to independent board members of the Funds.

Should there be a shortfall in the contingency reserve account, amounts required to settle fees and costs may be recovered from the member records.

> Legal Structure

FSCA Registration

The Unclaimed Benefits Pension Preservation and Provident Preservation Funds are registered in terms of the Pension Funds Act no. 24 of 1956 and were approved by Financial Sector Conduct Authority (FSCA) on 18 February 2009. The South African Revenue Service (SARS) approved the Funds on 23 April 2010.

④ **Principal Officer: Mr Gideon van Zyl Prior** to joining Sanlam Employee Benefits (SEB), Gideon was chief executive officer of Transnet Pension Fund, a position he held for ten years. He completed his B Comm degree at the University of Stellenbosch, majoring in economics and mathematical statistics.

Gideon has served on various boards of trustees both locally and internationally as well as on boards of directors. He has vast experience in new trends in the retirement funds industry, global asset management and in the property investment industry.

④ **Trustee and Chairperson: Mr Wouter Dercksen** In 2002, after completing his articles as a chartered accountant with PriceWaterhouseCoopers, Wouter started working in the employee benefits industry. He has held a number of positions such as fund accounting manager and chief operations officer in retirement fund administration.

Wouter is currently responsible for strategic client relationships within the Retirement Fund Administration business unit of Sanlam Employee Benefits. He also serves as chairperson and trustee member of the Legacy Beneficiary Fund and the Retained Benefit Trust.

④ **Independent trustee: Mr Carl (Kallie) Bröcker** Prior to joining Fin Q Financial Services as Financial Manager in November 2002, Kallie served as the chief executive officer of the Air Force Fund. He was appointed as chief director finance where he was second-in-charge of the finance division of the Department of Defence. Here he held the rank of major-general as the chief director finance at the South African National Defence Headquarters in Pretoria. Kallie also serves as a trustee member of the Legacy Beneficiary Fund and the Retained Benefit Trust.

④ **Independent trustee: Mr Pieter Zeeman** qualified as a chartered accountant in 1973 and was appointed as a partner at Crafford Du Toit and Partners during 1974. Until his retirement in 2003, he was a partner in the Pretoria Office of PriceWaterhouseCoopers.

At present, Pieter serves as an independent chairman of the audit and risk management committees of two large pension funds as well as trustee and audit committee chairman of three other retirement funds.

④ **Sponsor trustee: Mr Dewald du Toit** joined Sanlam Investment Management in January 2002. His experience includes helping to develop systems to monitor hedge fund risk parameters, and ongoing responsibility for the smooth running of the operational process for hedge funds. In 2006 he was appointed operational head of Sanlam Structured Solutions, a company specialising in structuring retirement funds for optimum income, growth and protection.

Having acted for two years as managing director of the Retirement Fund Administration business unit within Sanlam Employee Benefits, Dewald is back on the investment side of the Sanlam business.



> Legal Structure

Auditors

RademeyerWessen Auditors is the Funds' appointed auditor.

Actuary

The Funds are currently exempt from actuarial valuation.

Fidelity cover

Professional indemnity cover is in place to cover possible errors, omissions or fraud committed by the trustees or employees:

- ⌚ For the board of trustees: R30 million
- ⌚ For the administrator: R950 million.

Tracing agents

Two tracing agents have been appointed:

- ⌚ The Data Factory
- ⌚ ICTS Tracing Services.



Administration




Administration platform and technology

The Funds are administered by Sanlam Employee Benefits, a business unit within Sanlam Life Insurance Limited.

Sanlam Employee Benefits' administration systems are supplied and supported by MIP Holdings (Pty) Ltd. MIP is a locally developed co-sourced solution specifically designed for the South African pension fund administration market.

MIP-EB and MIP-FINANCIALS are the core modules of the MIP stand-alone system, designed specifically for employee benefits administration. MIP-EB is used to perform member record administration tasks, while MIP-FIN is a fully integrated financial system used for recording all transactions triggered by events in MIP-EB.

The system also integrates with other systems in use, namely:

-  A customer relationship management and workflow application (C-Flow) supported by Front Range Solutions
-  Fundamental Portfolio Manager, our investment administration system
-  The Retirement Fund Web where beneficiaries can view their benefit statements.



> Depletion

Depletion of Transferred Unclaimed Benefits

The rules of the Funds provide for the individual member account to be:

- ① credited with (amongst others) the fund interest (if positive)
- ② debited with (amongst others) the fund interest (if negative), as well as the relevant admin and the contribution to the contingency reserve account.

Should the admin costs exceed the size of the benefit in the fund, the benefit could be depleted.

All depleted member values will be reported on to the FSCA each year when the financial statements are submitted.

> Application Process

In order to transfer unclaimed benefits into these Funds, the board of trustees of the transferring fund must make a resolution and inform their administrator thereof.

Example:

The trustees of the Fund hereby resolve:

- ① all benefits (including death benefits) legally payable to members, former members and/or pensioners and that have been unpaid for a period of 24 months from the date on which the benefits became legally due and payable, be it before or after 1 November 2008,
- ② be transferred to the Sanlam Unclaimed Benefits Pension Preservation (12/8/37901/1) and/or Provident Preservation Funds (12/8/37902/1), as the case may be, and
- ③ that the administrator of the Fund be and is hereby authorised on an ongoing basis to do all such things and sign all such documents as is necessary to give effect to this resolution.

More Information

This document summarises the options available from Sanlam Employee Benefits' Retirement Fund Administration. You may find more information in the individual brochures on specialised services or you can contact us at:

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