



# Alexander Forbes Retirement Fund

## Base offering

Retirement



# Base offering

The base offering from the Alexander Forbes Retirement Fund has a simple benefit design where administration, investment and risk offerings are packaged to provide a cost-effective offering.



## Who is it aimed at?

- Small businesses in any industry.
- Number of employees or members must be minimum of 10 and a maximum of 60.
- Minimum monthly salary of employees or members must be at least R7 000.



## Benefit structure

- This cover provides a lump-sum benefit when an employee dies. The maximum benefit amount is R750 000.
- The participating employer must select one of the four risk benefits offered and they cannot opt out of this.
- The participating employer can change the level of the risk benefit once a year at the anniversary date of the policy.



## Insured benefits

Below are the insured benefits options available to members.

### Option 1

Total cost of 1.1% of salary plus R15 a month for the funeral cover repriced yearly on renewal

	Benefit	Value	Premium	
Cover	Death benefit	1.5 times yearly salary	0.61%	of salary
	Lump-sum disability		0.34%	
	Dread disease	R50 000	0.15%	

## Family funeral cover

The family funeral cover provides a lump-sum benefit to help cover funeral expenses when a member or someone in their immediate family dies.

Cover level (member)  
**R15 000**

Rate for each member  
**R15.00 (each month)**

Below is a breakdown of family funeral cover levels for family members.

Member	Cover level
Member	
Spouse	R15 000
Child aged 14 to 21 years	
Child aged 6 to 13 years	R7 500
Child aged 2 to 5 years	R3 750
Child aged 0 to 12 months, including stillborn	R1 800

### Option 2

Total cost of 2.2% of salary, plus R30 a month for funeral, to be repriced annually on renewal

	Benefit	Value	Premium	
Cover	Death benefit	3 times yearly salary	1.22%	of salary
	Lump-sum disability		0.68%	
	Dread disease		0.30%	
		R100 000		

## Family funeral cover

The family funeral cover provides a lump-sum benefit when the employee or one of their family members dies to help cover the funeral expenses.

Cover level (member)  
**R30 000**

Rate for each member  
**R30.00 (each month)**

Below is a breakdown of family funeral cover levels for family members.

Member	Cover level
Member	
Spouse	R30 000
Child aged 14 to 21 years	
Child aged 6 to 13 years	R15 000
Child aged 2 to 5 years	R7 500
Child aged 0 to 12 months, including stillborn	R3 750





## Investment strategy

The investment portfolio available on the base offering is the AF Retirement Navigator. No member investment choice is offered to members.

### About the AF Retirement Navigator portfolio

Members want their investments to grow over time. The problem, though, is that aiming for higher returns means having to take on more investment risk, which usually involves more ups and downs (volatility) in the value of their investment with market movements. This means the value of their investment could fall rapidly over short periods and it's painful to experience this.

AF Retirement Navigator was developed by Alexander Forbes Investments in partnership with an insurer. It aims to help members **grow their investment**, while at the same time **managing the ups and downs** of returns over short periods by smoothing the **investment returns** that they earn. This smoothing takes place by using a formula determined by the insurer that keeps some of the returns back in the good months to give back in the bad months:

- If the underlying investment value rises, the full investment returns may not be allocated. Some returns may be held back to smooth the returns for when the underlying investment value falls.
- If the underlying investment value falls, the portfolio will cushion this impact to some extent by not allocating the full drop in investment value.

The trustees and fund actuary reviewed the formula used for smoothing. They believe it is a fair and reasonable basis for achieving the smoothing of investment returns.

Whilst the investment returns in the portfolio are **smoothed**, the underlying market value is **not**

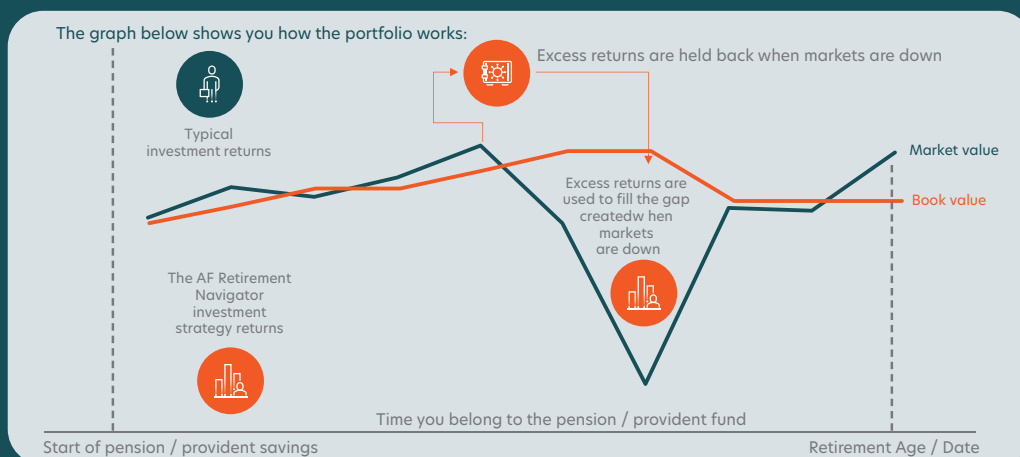
**guaranteed** and will still move in the direction of the market.

### How does AF Retirement Navigator work in more detail?

Alexander Forbes Investments manages the underlying investment portfolio used for AF Retirement Navigator. The portfolio targets growth over long periods and blends different asset classes across regions (South Africa, Africa and offshore) and asset managers. **The insurer** carries out a process known as smoothing where they declare adjusted investment returns, or bonus rates, every month to members. The insurer applies a transparent and defined framework to declare these bonus rates, which will be more stable than the actual investment return earned. This means that the bonus rates declared may be higher or lower than the return of the underlying investment portfolio.

### AF Retirement Navigator tracks two values, namely a **market value** and a **book value**:

- The **market value** is the value of underlying investments, managed by Alexander Forbes Investments, and shows how the investments have performed. The market value is made up of the net investments on behalf of members plus, or minus, the actual investment returns earned in the market.
- The **book value** is the value that is owed to members and shows the members' values as determined by the insurer. The book value is made up of the net investments on behalf of members plus, or minus, the bonus rates declared by the insurer.



### Why does it matter?

With the Alexander Forbes Retirement Navigator, you get a good book value return with reduced fluctuations in investment returns.

You will typically receive the book value of your investments when you leave the fund, for example on retirement, death or resignation. In certain selective circumstances, such as if an employer decides to stop all participation in the fund or transfer to a new fund, the lower of market value and book value may be paid. This is done to protect the interest of other members who are still invested in the AF Retirement Navigator.

## Terminations and transfers

All section 14 transfers and terminations will be processed once a month only and on the same day every month. These instructions received over a calendar month will be processed on the 12th of the next month (or the next business day if it falls over a weekend or public holiday).

### Base offering contribution flow

**Minimum contribution rate of 9%**  
for risk options 1 and 2.

**Minimum contribution rates of 10%**  
for risk options 3 and 4.

**Maximum contribution on all options**  
is 27.5%.

**This is inclusive of all expenses.**

Additional voluntary contributions (AVCs) are allowed. These must be paid through the employer payroll.

#### NOTE:

Risk options 1-4 are sold as a package. The employer must select all the benefits available through that option.

## Member communication

Members will be provided with:

Communication type	Frequency
Member and investment booklet	Inception
Options on leaving and options at retirement brochure	Inception
Administration report	Yearly
Quarterly newsletter	Quarterly
Benefit statements	Yearly
Annual trustee report	Yearly

## Terms

- **Membership requirements with a maximum of 60 members:** Minimum of 10 members for each scheme.
- **Membership eligibility:** Existing Alexforbes risk clients or members will not be eligible.
- **Eligible conditions:** Compulsory to each member below the maximum cover age.
- **Maximum cover age:** The maximum cover age is the last day of the month in which a member reaches normal retirement age.
- **Risk benefit changes:** The participating employer or management committee can change the risk benefit (option) once a year at the anniversary date of the policy. Sanlam must be advised in writing within three months of the policy anniversary date.
- **Maximum entry age:** Normal retirement age or the age of 65 years, whichever is earlier.
- **Average monthly salary:** A minimum average monthly salary of R7 000 per member.
- **Variable income:** The yearly remuneration amount, on which cover is based, is limited to the average income the member received from the employer during the 12 months immediately preceding the date of the claim.
- **Average age:** The average age of the scheme is 45 years and below.



## Fund details

### Registered address

Alexforbes  
115 West Street  
Sandton

### Alexander Forbes Retirement Fund

Financial Sector Conduct Authority registration number: 12/8/34768) (Pension Section) 12/8/34766) (Provident Section)

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