

## **Pensioner Benefit Statement Brochure 2017**

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*Your Retirement - Our Passion*

# YOUR BENEFIT STATEMENT EXPLAINED

Your Fund provides you with an annual benefit statement that reflects your current monthly pension. It also shows whether your spouse, other dependants or nominated beneficiaries will receive benefits in the event of your death.

Personal particulars which are important to the Fund are reflected so that you can confirm that it is correct. Should any of this information be incorrect, you must please contact the Fund so that it can be corrected.

## EXAMPLE

### SENTINEL RETIREMENT FUND

BENEFIT STATEMENT FOR PENSIONERS AS AT 15 JUNE 2017

#### PERSONAL DETAILS

Primary Pensioner  
Identity Number

Date of Birth

#### PENSION BENEFIT DETAIL

Originating Fund	Benefit Type	Effective Date	Pension Value	Spouse Provision	Death Cover
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#### MONTHLY PENSION BENEFITS IN PAYMENT

Gross Pension  
Tax Deduction  
Medical Aid Deduction  
Other Deductions  
**Net Pension**

#### General

Your benefits, including the merger of the Mine Employees Pension Fund (MEPF) into Sentinel Retirement Fund are reflected in this Benefit Statement. Any reference to MEPF is purely for ease of reference and understanding as all assets and liabilities of MEPF have been transferred to Sentinel Retirement Fund.

This example shows information that could be reflected on Pensioner Benefit Statements. Your personal statement is included and reflects information relevant to your benefit entitlement(s) as at the indicated effective date.

#### Personal Detail

Your personal details appear in this section. Please verify this and notify the Fund if any of this information is not correct.

#### Pension Benefit Detail

This section reflects details of all pension(s) that are in payment on the Benefit Statement effective date.

- **Originating Fund**  
Please note that reference to MEPF is only for ease of understanding as the obligation to pay these pensions, with protection of all vested benefit rights, were transferred to Sentinel Retirement Fund on 1 July 2013.
- **Benefit Type, Effective Date and Pension Value**  
A description of the type of benefit, the date on which the benefit became payable as well as the value on 15 June 2017 are reflected in these columns.
- **Spouse Provision and Death Cover**  
This statement confirms whether or not provision was made for a spouse pension and/or death benefit lump sum at the time that the benefit originally became payable.

Pensioners who have preserved DBS cover at retirement, have the option to convert this in favour of an additional monthly pension. Please contact the Fund for an estimate of the conversion value if you are considering this option.

## SPOUSE PENSIONS IN A NUTSHELL

Effective Date	Qualifying Spouse	Spouse Pension
<b>MOPF</b> Pre 31/5/1981 <b>MEPF</b> Pre 21/3/1982	If a spouse pension was elected at retirement, the pension will become payable to the person that the pensioner was married to at the date of retirement, irrespective if they are still married at the time of the pensioner's death.	The spouse pension equates to 50% of the pensioner's pension at death, excluding lump sum and early retirement reductions that applied at the date of retirement.
<b>MOPF</b> From 1/6/1981 <b>MEPF</b> From 1/4/1982	A spouse's pension, if provided for at retirement, will become payable to: <ul style="list-style-type: none"> <li>• The person that was nominated as the pensioner's spouse at retirement provided that they were living together from retirement throughout until death.</li> <li>• MOPF spouse pensions are not payable to persons who became the spouse of a pensioner after retirement.</li> <li>• From 1/1/1991 until 28/2/2003, MEPF provided reduced spouse pensions to post retirement spouses.</li> </ul>	The spouse pension equates to 50% of the pensioner's pension at date of death, excluding lump sum and early retirement reductions. The reduced MEPF spouse pension equates to 33% of the pensioner's pension at date of death, excluding lump sum and early retirement reductions.
<b>Sentinel</b> From 1/3/2001 <b>MEPF</b> From 1/3/2003	The spouse for whom a spouse pension was provided at the time that the pensioner retired will qualify for this benefit irrespective if they are still married at the time of the pensioner's death.	A term certain guarantee of 5 years applied. If the pensioner died within the first 5 years of retirement, the spouse would have received the full pension for the remainder of the 5 years, where after a spouse pension of 75% will become payable.
<b>Sentinel</b> & <b>MEPF</b> From 1/8/2005	The spouse for whom a spouse pension was provided at the time that the pensioner retired will qualify for this benefit irrespective if they are still married at the time of pensioner's death.	The pensioner elected between 5 and 25 years as a term certain guarantee, and a 75% or 100% spouse pension. If the pensioner dies within the term certain period, the spouse will receive the full pension for the remainder of the term selected, where after a spouse pension of either 75% or 100%, will become payable.
<b>Sentinel</b> Post 19/4/2007 <b>MEPF</b> Post 8/10/2007	<p><b>Guaranteed pensions:</b> The spouse for whom a pension was provided at retirement will qualify for this benefit irrespective if they are still married at the pensioner's death.</p> <p><b>Flexible pensions:</b> The person nominated as the spouse before the flexible pensioner's death, will receive benefits.</p>	<p>If the pensioner dies within the term certain period, the spouse will receive the full pension for the remainder of the term selected, where after a spouse pension of either 75% or 100% will become payable.</p> <p>The spouse for purposes of the flexible pension becomes eligible to receive benefits from the flexible pension capital account.</p>

# DEATH BENEFIT LUMP SUMS IN A NUTSHELL

Section 37C of the Pension Funds Act regulates the distribution of death benefits paid by retirement funds. Dependents, Nominees or the Estate may share in the benefit. You may express your wishes by completing and submitting a Nomination Form to the Fund.

Effective Date	Death Benefit
<p><b>MOPF</b> Pre 31/5/1981 <b>MEPF</b> Pre 21/3/1982</p>	<p>At retirement you had the option to preserve a DBS lump sum equivalent to 24 months' pensions, or to convert your full DBS in favour of an additional retirement benefit.</p> <p>DBS cover is based on the pensioner's pension, excluding lump sum and early retirement reductions.</p>
<p><b>MOPF</b> From 1/6/1981 <b>MEPF</b> From 1/4/1982</p>	<p>At retirement you had the option to preserve a DBS lump sum equivalent to 30 months' pensions, or to convert your full DBS in favour of an additional retirement benefit.</p> <p>From 1/9/1994, MEPF compelled retirees to preserve a DBS lump sum equivalent to at least 12 months' pensions and to convert the balance in favour of an additional retirement benefit, while MOPF allowed retirees to convert the full DBS in favour of an additional retirement benefit.</p> <p>DBS cover is based on the pensioner's pension, excluding lump sum and early retirement reductions.</p>
<p><b>Sentinel</b> From 1/3/2001 <b>MEPF</b> From 1/3/2003</p>	<p>If both you and your spouse died within the first 5 years of retirement, the monthly pensions for the remainder of the term will be capitalised and paid in a lump sum.</p>
<p><b>Sentinel</b> &amp; <b>MEPF</b> From 1/8/2005</p>	<p>If both you and your spouse die within the term selected at retirement (5, 10, 15, 20 or 25 years), the monthly pensions for the remainder of the term will be capitalised and paid in a lump sum.</p>
<p><b>Sentinel</b> Post 19/4/2007 <b>MEPF</b> Post 8/10/2007</p>	<p>The dispensation that applied from 1/8/2005 still applies to <u>guaranteed pensions</u> (please see above). The remaining balance in the <u>flexible pension account</u> at death, may become payable as a lump sum.</p>

# EXTRACT FROM THE JOINT LEADERSHIP REVIEW OF THE 2017 INTEGRATED ANNUAL REPORT

The year under review has again been a challenging one, to say the least, yet overall performance achieved reflects the effects of prudent and innovative structures put in place over a number of years to minimise the impact of poor performing investment markets and to protect capital.

## Sentinel's four strategic pillars for sustainability and growth

### Consistently excellent investment returns

As stated in our 2016 joint leadership review, South African and world markets have been volatile since 2008, and are expected to remain so for the foreseeable future. This statement held true for the year under review as the South African economy slowed even further and entered into a technical recession.

The year has been characterised by extreme domestic market uncertainty coupled to a highly volatile South African rand. The impact of increased political uncertainty and low economic growth led to the resultant downgrading, by all major credit agencies, of South Africa's credit rating which weighed heavily on domestic investment market volatility.

A strengthening rand reversed and the currency gains seen over a number of months were wiped out over a very short period. The attractiveness of South Africa as a stable emerging market investment destination has suffered as a result of the above factors and the poor financial performance and turmoil surrounding a number of state-owned enterprises.

Sentinel too has experienced the pressure of these uncertain conditions, the toughest and most challenging in some years. This has presented extraordinary challenges to the Board of Trustees, Board committees and management. It is gratifying to note that given the huge levels of volatility and uncertainty experienced over the past year, that all of the Sentinel life-stage portfolios and the pensioner

portfolio were able to deliver positive returns net of asset management and administration costs.

Over many years Sentinel has developed a robust model to fit the risk profiles of the differing investment portfolios for members and pensioners. Based on 59 investment mandates vested in 33 selected investment managers, we diversified beyond the traditional local and offshore asset classes to also include private equity, hedge funds and unlisted property as these alternative assets are expected to deliver real net returns in excess of the returns provided by traditional asset classes. Currently Sentinel has a policy of utilising the full allocation of investments the Fund is allowed to make offshore and in Africa.

### Minimal costs

Sentinel is guided by the same non-profit principle that characterised the mutual societies that thrived in South Africa until the 1990s. We offer a highly competitive fee structure and our database technology can handle large or small employers with equal proficiency. We exist for our members, pensioners and beneficiaries. The Fund is service rather than profit driven. We, therefore, work continuously on behalf of our stakeholders to manage administration and investment management costs effectively.

### Top-class governance

Sentinel prides itself on the industry leading governance structures and reporting mechanisms it has put in place over many years. In our 2016 integrated annual report, Sentinel introduced several best practice reporting principles as recommended by the International Integrated Reporting Council (IIRC). These included a business model infographic, a focused approach to the Fund's material issues, and the incorporation of the 'six capitals' concept. In striving to achieve our goal of presenting an even more informative and transparent integrated annual report, these concepts have been further expanded on in this our sixth integrated annual report.

Since the draft King IV report was published, Sentinel has been busy evaluating the code and impact thereof on our reporting and business processes. King IV will be implemented to ensure that Sentinel remains at the leading edge of governance initiatives.

### **First-rate administration**

Our commitment to service excellence and the maximisation of efficiencies to enhance cost effectiveness is driven by technology and a motivated highly skilled workforce. A stable management team and staff complement, with low employee turnover numbers, has resulted in Sentinel being able to retain expertise and institutional memory in the organisation and an administration function that remains consistently first rate. We are, however, mindful of the need to transform in line with South Africa's demographics, and remain diligent in our employment equity planning and ensuring that this process meets our set targets.

### **Combined assurance**

During the year under review, Sentinel has further enhanced its comprehensive combined assurance framework optimising the assurance coverage obtained from management, internal and external assurance providers in the risk areas affecting the Fund.

### **Annuitisation**

The actual annuity income that retirees earn is based on their accumulated retirement savings which depends on how long they have contributed to the Fund and whether they have contributed consistently at the recommended level over this period. The industry targets a replacement ratio of 75% of final salary, but members who join the Fund early in their careers can, from the age of 60 years, anticipate a pension in excess of this. Sentinel performs an asset liability modelling (ALM) exercise at least every 18 months in support of achieving this outcome.

### **Cybercrime**

As technology and cybercrime rapidly evolves, our IT department will continually evaluate and update these defences to mitigate the risk of an attack on the Fund.

### **Retirement reform**

National Treasury published regulations with regard to lowering charges and improving market conduct for retirement funds. Sentinel already complies with the vast majority of these and welcomes most of the revised regulations.

### **Transformation**

As a retirement fund governed by the Pension Funds Act, Sentinel does not have shareholders. We support Black Economic Empowerment (BEE) and transformation via three channels. The first is through our internal Employment Equity (EE) plan, in which we develop employees from designated groups up through the ranks. The second is by recruiting promising graduates as interns and training them in the financial, investment and retirement fund fields. Thirdly, we support a black investment manager incubation programme that assists start-up black investment management firms to establish themselves in this industry and support these managers after they have graduated from the programme into the mainstream investment management industry.

This successful programme has been under way for a number of years and at 30 June 2017, 12 black investment management firms have graduated from the programme, while a further 10 black investment management firms are being supported.

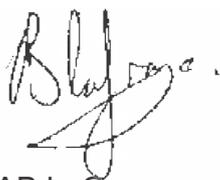
## Outlook for 2017/18

The domestic arena, which houses the bulk of Sentinel's assets, is in a cauldron of uncertainty and turmoil. This mix has the potential for long-term instability creating irrational decisions and behaviour. Stabilising the economy, creating an environment of certainty with regard to policy decisions and game plan, and setting the scene for longer-term sustainable inclusive growth is paramount in ensuring the financial stability of all South Africans and in particular those whom we serve.

Sentinel has for more than 70 years weathered many storms. The Fund has, through its well-diversified asset base and robust investment strategy, overcome many market, political and international rollercoaster ups and downs. We are therefore confident that although the next 12 months will be challenging, if not difficult, Sentinel will navigate this successfully within the ambit of acceptable risk tolerance levels.

## Appreciation

We extend our sincere appreciation to all Sentinel service providers and business partners for their contribution to our commitment of excellent service and also to our participating employers, members and pensioners for their continued loyalty and support, even during the difficult times of late.



AB la Grange  
Chairman  
of the Board



FJ Visser  
Chief  
Executive  
Officer

## COST RECOVERY FEE

Sentinel's "Total Cost" recovery methodology includes all investment, fund entity and administration costs and is based on assets held in the Fund. This fee is charged individually to member and flexible pensioner accounts and on a pooled basis to the Pensioner Portfolio and Risk Benefit Portfolios.

The following table reflects the actual costs<sup>#</sup> recovered in the 2017 financial year as well as the budgeted costs for the 2018 financial year, per the various portfolios:

Description	2017 Actual	2018 Budget
Wealth Builder Portfolio	0.54%	0.57%
Inflation Protector Portfolio	0.53%	0.55%
Pension Protector Portfolio	0.51%	0.51%
Money Market Portfolio	0.23%	0.26%
Shari'ah Portfolio *	0.98%	0.99%
Capital Protector Portfolio *	0.65%	0.65%
Pensioner Portfolio	0.49%	0.51%
Risk Benefit Portfolios	0.42%	0.45%

\* These are external portfolios and costs include direct asset management fees levied by the portfolio service providers.

# Investment returns are communicated reflecting both gross returns (returns before cost of returns, after implicit costs) and net returns (returns after deducting all costs; after implicit and explicit costs).

# YOUR LAST WILL AND TESTAMENT

The responses to some of the questions that we are often asked during individual and group consultations are important and worth sharing with all our members.

## Why should I have a Will?

So that you can decide who your beneficiaries and the executor of your estate should be when you pass away. It will also allow you to appoint a guardian to take care of your children.

## What will happen if I die without a Will?

If you die without a Will, your estate (this is your net worth, i.e. the difference between what you own and what you owe) will be distributed in terms of the law of intestate succession:

1. According to the law of intestate succession, property will be distributed amongst the deceased's family and children. This may include beneficiaries who you want to exclude and may exclude beneficiaries who you want to include.
2. If there are no family or children of the deceased, the property will be forfeited to the State.
3. A guardian, whom may be a different to the person that you would have preferred to look after your minor children's' affairs, may be appointed by the Master of the Supreme Court.
4. The Master will appoint an executor of the estate.

## Why can't I do my own Will?

The old saying, "when a Will speaks, the person who made it is no longer there" applies. Wills drafted by those with little or no relevant experience usually lead to problems.

It is important to have a person with the necessary knowledge and experience draw up your Will. A lawyer, your bank or a trust company can help you to draw up a Will.

## Will my pension fund money be paid in terms of my Will?

No, money held in any approved retirement fund, like Sentinel, will not form part of your estate (can't be bequeathed in a will) when you die and will be allocated and paid in terms of the Rules of the Fund and section 37C of the Pension Funds Act.

In terms of the Pension Funds Act, your pension fund money may only be paid to your Estate if you did not have any legal, financial or other dependants.

To express your wishes with regard to retirement fund savings, you must complete a Nomination Form that must be submitted to the Fund before death.

## SIGNIFICANT RULE CHANGES DURING THE PAST FINANCIAL YEAR

The general rules of Sentinel were amended so that the Fund remains relevant and sustainable. The following significant amendments were registered and approved by the Financial Services Board (FSB):

- To allow for transfer of pensioners from other funds
- To make provision that a trustee vacancy shall not invalidate a decision of the Trustees
- To reduce the number of Trustees from 22 to 19.

# NEWSFLASHES

## PLEASE REMEMBER :

- To notify the Fund if your marital status changes.
- To update your nomination form if your dependants or wishes change.
- To notify the Fund if your contact details (address, telephone number, etc.) change.
- To quote your PF number and/or identity number, initials, surname and signature on all written correspondence with the Fund.

## ACCESS TO YOUR FUND AFFAIRS – WHENEVER IT SUITS YOU!

You can access Communication, Payslips, Annual Benefit Statements and regular updates electronically!

- 1 Register to access your personal information by accessing our web-site [www.sentinel.za.com](http://www.sentinel.za.com),
- 2 go to “User Login” and click on “Signup”,
- 3 to find a form that must be completed and submitted with a copy of you ID or Passport to: [info@sentinel.za.com](mailto:info@sentinel.za.com) or fax to 011 481 8111

## 2017 PENSION INCREASE

The Board of Trustees is pleased to announce that a pension increase of 4.5% has been awarded effective 16 October 2017. This increase equates to 88.2% of CPI as at 30 June 2017.

In addition to the above increase, the Board has also awarded a special payment of 7% of annual pension (pension before the 2017 increase).

Both the above awards will be applied pro-rata to pensioners who retired within the 12 months before 16 October 2017.

The Fund's investment strategy has proven to be successful over a number of years. However, pensioners are reminded that the current high levels market volatility and anticipated lower economic growth conditions are expected to result in lower investment returns into the foreseeable future.

# WHERE TO GO FOR HELP

## MEMBER ASSISTANCE

A footprint has been established to serve members and consist of a Client Contact Centre that provides telephonic support, Regional Client Service Centres in Johannesburg, Carletonville, Klerksdorp, Welkom and Witbank as well as an Advisory Service to assist with Fund product options.

## CONTACT DETAILS

 Sentinel House • 1 Sunnyside Drive  
Sunnyside Park • PARKTOWN 2193

 **(27)(11) 481-8000**

 **info@sentinel.za.com**

 P O Box 61172 • MARSHALLTOWN 2107  
Johannesburg • South Africa

 **(27)(11) 481-8111**

 **www.sentinel.za.com**

## CLIENT SERVICE CENTRES:

### Carletonville

 S Buys Office Park, Shop no. 10  
Corner Kaolin & Radium streets

 **(018)786-1118/9**

 **(018)786-1114**

### Klerksdorp

 54 Buffeldoring Street, Wilkoppies

 **(018)468-7309**

 **(011)481-8111**

### Welkom

 Shop 24, The Strip, 314 Stateway

 **(057)352-2905/6**

 **(057)352-2952**

### Witbank

 WCMAS Building, Corner OR Tambo  
and Susanna streets, Emalahleni (Witbank)

 **(013)656-4214**

 **(013)656-1693**

### Parktown

 Sentinel House, 1 Sunnyside Drive  
Sunnyside Park

 **(27)(11) 481-8000**

 **(27)(11) 481-8111**

### SENTINEL'S ETHICS HOTLINE

 **0800 20 35 89**

 **fraud@kpmg.co.za**

### PENSION FUNDS ADJUDICATOR

 **086 066 2837**

 **www.pfa.org.za**