

OUTLINE OF BENEFITS  
FOR  
ALL EMPLOYEES ON THE PERMANENT STAFF  
OF  
**NAMIBIA ECUMENICAL GROUP (NEG)**

This outline **summarises** for members the main aspects of the Employer's Retirement Fund, effective from 01 April 2019, which provides retirement, death and disability benefits. Should there be a conflict between the outline and the Rules, the provisions of the Rules will prevail.

If you wish to know more about your Fund, and in particular, details about your own benefits and contributions, you are welcome to make an appointment with your Manager to discuss these matters.

The Administrators of your Fund is Retirement Fund Solutions Namibia (Pty) Ltd. Their address is as follows:

P.O. Box 80349, Windhoek,  
Tel: (061) 446-000,  
Fax: (061) 231-598,  
E-mail: [solutions@rfsol.com.na](mailto:solutions@rfsol.com.na)  
Website: [www.rfsol.com.na](http://www.rfsol.com.na)

The Consultant of your Fund is Elite Consulting Namibia (Pty) Ltd. Their address is as follows:

Trevor Colmer  
9 Hugo Hahn Street, Klein Windhoek,  
Tel: (061) 301 267,  
Fax: (061) 301 295,  
E-mail: [trevor@elite.com.na](mailto:trevor@elite.com.na)  
Website: [www.elite.com.na](http://www.elite.com.na)

If you wish to know more about your Fund, and in particular, details about your own benefits and contributions, you are welcome to make an appointment with your direct employer to discuss these matters.

Although it is intended to keep the Fund in force indefinitely, the Employer reserves the right to amend or discontinue the Fund at any time.

All employees on the permanent staff under Normal Retirement Age (65) are required to become Members of the Fund.

**1. CONTRIBUTIONS:**

- 1.1 MEMBER: 7.5% of your pensionable salary.
- 1.2 EMPLOYER: Your Employer contributes an amount equal to **12.5%** of your pensionable salary to the Retirement Fund, which in turn is applied as follows:
- **8.431%** towards your **retirement benefit**,
  - **4.069%** toward **risk premiums** and **Fund expenses**. If the aforementioned contribution is not sufficient to sustain the current level of risk benefits as set out in 3 & 4 below, the Employer reserves the right to reduce the risk benefits and/or contribution towards retirement benefits accordingly.
- 1.3 MEMBER'S SHARE: Your Member's Share is made up of:
- i) your own contributions (refer 1.1 above) plus
  - ii) your Employer's contributions towards retirement (refer 1.2 above) plus
  - iii) interest earned on i) and ii) above.

**There are two investment categories:**

1. Currently Allan Gray and NAM Coronation are managing your investment in the Fund in roughly equal portions:

**Allan Gray Namibia Balanced Fund**

The Allan Gray Namibia Balanced Fund is a pooled market-linked portfolio which represents Allan Gray's best investment view for balanced mandates.

It is suitable for investors with an average risk tolerance and is benchmarked against the mean performance of other large managers. The returns on this investment are directly linked to a significant equity exposure and as such this investment is regarded as carrying a moderate risk and negative returns in the short term are possible. The investment philosophy is value orientated by identifying quality asset priced below their intrinsic value. Allan Gray defines intrinsic value as the discounted value of the expected future cash flows.

**NAM Coronation Balanced Plus Fund**

The NAM Coronation Balanced Plus fund is a pooled market-linked fund managed through the manager's best views with an optimal combination of different asset classes.

The fund is managed through a wide range of asset classes such as shares, conventional bonds, inflation linked bonds, listed property and cash, both domestically and internationally. The fund is managed to achieve long-term results, which by nature will have a strong bias towards local and international equities. Equity as an asset class may never comprise more than 75% of the fund's portfolio, while exposure to foreign assets is currently limited to 25%.

Unlike funds where you are required to choose between a wide spread of different unit trusts, market linked balanced portfolios relieve you as investor, and your broker, of the responsibility to stay on top of developments in financial markets and to switch between different asset classes and assets as may be necessitated by changes in the investment environment. This responsibility is assumed by the relevant portfolio manager who applies all its skills to do this for you.

The aforementioned investment portfolios are so-called 'market linked portfolios' and does not provide any guarantee as the underlying investments may fluctuate from time to time, even producing negative returns over the short term. Members are also advised that past performance is no guarantee for future returns.

2. Should you be **3 years away from retirement**, i.e. 62 years of age, you are eligible to invest your member share and contributions in the **Capital Preservation Portfolio** and need to exercise that choice in writing two months before the change takes effect. This option is available once a year in October.

Currently this portfolio is the **Sanlam Namibia Absolute Return Plus Fund**. This portfolio provides capital preservation and stable positive investment returns. It is therefore ideal for members close to retirement who wish to avoid the volatility of a fully market-linked investment. The objective of this portfolio is to reduce volatility of investment returns 3 years before retirement should you wish to utilize a life annuity during retirement.

You are advised to obtain suitable financial advice before exercising this investment option. Once you have chosen this option you will not be allowed to switch back to the 'market linked portfolios'. Please note that the Employer may change the composition of the Capital Preservation Portfolio from time to time.

## 2. RETIREMENT:

- 2.1 NORMAL RETIREMENT DATE: Your normal retirement date is the last day of the month in which you attain age **65**.
- 2.2 RETIREMENT BEFORE NORMAL RETIREMENT DATE: You may retire early after attaining age **55**.  
If, however, you are suffering from ill-health, you may at any time apply to the Employer to be placed on early ill-health retirement, subject to satisfactory medical evidence being provided.
- 2.3 RETIREMENT AFTER NORMAL RETIREMENT DATE: You may, with the Employer's consent, retire after attaining age 65, but not later than age 70. Your Employer will continue to contribute towards your retirement benefit, although your disability benefit (refer 4 below) will cease at age 65.
- 2.4 RETIREMENT BENEFIT: Your retirement benefit will be a pension that can be secured by your **Member's Share** (refer 1.3 above). You may decide to receive up to one-third of the total value of your retirement benefit as a cash payment (currently tax-free), and the balance must be used to purchase a pension for your lifetime.

Your pension arrangement can be made through this Fund or any other approved fund or insurer of your choice. Please consult with a properly qualified person or the Fund Administrators to ensure that the arrangement will meet your needs in the long term. You should however finalise your options at least 3 months prior to your retirement date.

## 3. DEATH BENEFITS:

### 3.1 DEATH IN SERVICE BEFORE RETIREMENT

If you die in service before Normal Retirement Age of 65\*\* years, and should you still be in the full-time service of the Employer, the following benefit will be payable to your dependants and/or nominees:

- LUMP SUM BENEFIT**
- i) **Four times** your annual pensionable salary at the time of your death
  - Plus**
  - ii) your **Member's Share** (refer 1.3 above).

The premiums are paid by your Employer as part of its total contribution to the Fund.

\* Note: Members need to be aware and need to make provision in their financial planning that the Receiver of Revenue applies Practice Note 5 of 2003 when taxing death benefits of pension funds. This means that a maximum of only 49% of the death benefit can be paid as a lump sum, which will be tax free. The remainder of the death benefit, i.e. 51%, will be utilized to purchase an annuity that will generate a monthly income. Of this 51%, 1/3 can be paid as a tax free lump sum and 2/3 will be converted into an annuity. The monthly annuity income will be taxed as it is paid

\*\*Cover continues up to the age of 70 as long as the Member remains in the service of the Employer.

### 3.2 BENEFICIARIES OF THE DEATH BENEFIT

In the first instance, in terms of the current retirement fund legislation, your **dependants** are entitled to the benefits payable on your death. Secondly any persons whom you have nominated in writing may benefit. A person not dependant (eg. a child over 18) must be nominated by you in order to be considered a beneficiary. Only if there are no dependants or nominees will the benefit be paid into your estate and in the absence of an estate to the Guardian's Fund. Beneficiaries who were not dependent on you at the date of your death will only be considered if your dependants' needs are adequately provided for. It is thus very important to complete and regularly update a beneficiary nomination form in order to enable the Fund to correctly pay any benefits in the event of your death. Your last will and testament is not relevant for Pension Fund benefits.

## 4. DISABILITY:

If you become totally disabled (as defined by the insurer) whilst in service before Normal Retirement Age (65) you will receive the following benefit, subject to the underwriter's acceptance of your disability claim:

- 4.1 BENEFIT: **75% of your monthly pensionable salary** at the time you were disabled, subject to certain maxima determined by the insurer from time to time.

- 4.2 PAYMENT OF BENEFIT Starting **3 months** after the date of your disablement you will receive the above amount (refer 4.1) at the end of each month. From this amount your member contributions (refer 1.1 above) will be deducted as well as income tax, if applicable. This amount will increase from time to time (but limited to the inflation rate) every year to help keep up with rising costs.
- 4.3 DURATION OF BENEFIT The benefit is payable until your recovery, death or retirement whichever occurs first. You will be requested to regularly submit medical evidence that you are still disabled. If you return to work, then the disability payment will be adjusted according to the income, which you then earn. All your death benefits (refer 3 above) remain in force based on your salary at disability, increased in line with the increases to the disability benefit. At your Normal Retirement Age, you will go on retirement as if you had been working all that time until age 65.
- 4.4 DEFINITION OF DISABILITY The insurer will regard a member (other than pilots, drivers or security guards) as disabled if:  
Sickness or injury renders the member totally incapable of carrying out
- During the first 24 months of disability, his/her **own occupation**;
  - Thereafter, his/her **own or a similar occupation** (taking into consideration the person's qualification(s), training and experience).
  - Any occupation in case of drivers, pilots and security guards.

The premiums are paid by your Employer as part of its total contribution to the Fund.

## 5. PROVISIONS APPLICABLE TO RISK BENEFITS

### 5.1 TERMS AND CONDITIONS

Members are hereby notified that the insured benefits provided in terms of 3 and 4 above may be reviewed from time to time and will be subject to the insurer's standard terms and conditions, the Rules of the Fund and the relevant reinsurance policies.

### 5.2 EVIDENCE OF GOOD HEALTH

In keeping with the arrangements which have been made with the insurer, you will be notified if you are required to provide evidence of health in order to become entitled to your full risk benefits referred to in 3 and 4 above. In the event of such evidence not being acceptable to the insurer, the aforementioned benefits may be restricted or may be subject to you paying an additional monthly premium, referred to as loading.

### 5.3 PRE-EXISTING HEALTH CONDITIONS

Please note that it is a general condition of insurance for insurance companies not to cover events arising from a health condition that already existed when you joined our Fund, during the first 12 months of your membership.

### 5.4 HAZARDOUS HOBBIES

Please take note that special exclusions and conditions may apply to members who practice any hazardous hobby. In case of doubt the insurer should be informed.

### 5.5 DURATION OF RISK BENEFITS

Please note that you are covered for the risk benefits for as long as you are a member of the Fund and have not reached the Normal Retirement Age of 65, i.e. should you remain in service after age 65, your disability benefit will lapse. Also, should you leave the Employer's service, due to resignation, retrenchment or dismissal, your risk benefits will cease on termination of membership of the Fund.

## 6. LEAVING SERVICE:

If you leave the service of the Employer before retirement, you may request that your termination benefit be paid in cash or be transferred to another approved fund. In each case, you will be entitled to one of the following benefits:

- 6.1 CASH BENEFIT **Member's Share** (refer 1.3 above). This benefit is taxable.
- OR**
- 6.2 PRESERVATION BENEFIT: You may transfer your **Member's Share** (refer 1.3 above) to an **approved Pension, Preservation or Retirement Annuity Fund**. This benefit is tax-free.

Please note that if no indication regarding the benefit choice is provided within 6 months from the date of termination of membership, the benefit will be transferred to the Benchmark Default Portfolio in the name of the member in terms of rule 11.3 of the Fund.