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PowerTalk

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EDITOR'S NOTE

Dear Members

A lot will be happening in the Eskom Pension and Provident Fund this year. One of the major activities you will become aware of is the Fund's Communications Research project.

An independent company called Devnomics will be conducting research on behalf of the Fund to try and understand the needs of members and pensioners in the Fund. The research will be conducted via telephonic interviews, online surveys and face-to-face interviews in some

instances. We encourage you to avail yourselves to participate in this research in order for us to enhance the service we provide to you.

A key service and purpose of the Fund is to offer you an investment vehicle for your retirement.

While we all believe we will one day get married and live happily ever after, sometimes life throws a curveball and some people find themselves getting divorced. In this edition we tell you more about how divorce affects your Fund benefit.

We also now resume bringing you the interest rate figures for the various schemes in the Fund. For the benefit of those of you who are new in the Fund, we take time to explain the purpose of the Fund interest rates in this edition and why they are important to you, as they are rates that are allocated to the various investment schemes in the Fund.

We hope you enjoy this edition of Power Talk. Please share any thoughts you have with us on info@eppf.co.za.

Regards
The Editor

Fund to Conduct Communications Research



The Devnomics Team

Every few years, the Fund takes the time to get to talk to you, our members and pensioners to understand how they feel about how the Fund communicates with you. In the next few weeks, the Fund will be undertaking a Communications Research project in order to understand the communication needs of our stakeholders. A company called Devnomics will get in contact with members and pensioners to conduct the research on behalf of the Fund. You may either receive a phone call and be asked a few questions on behalf of the Fund, or you may receive a survey via the post or email, which you will be asked to complete and return back to us, or be invited to a focus group discussion.

The Fund will use the information which you will provide to improve our interactions with you and to provide an even better service to you. We encourage you to please participate in the research when the Fund gets in touch with you. This will go a long way in helping us to offer a better service to you!

DIVORCE and Your Pension Fund

In terms of the Amendment to the Pension Funds Act 11 of 2007 any pension interest that is specified in a divorce order, is payable to the non-member former spouse of a member of the retirement fund, immediately when the Fund receives the divorce order. This means that should you and your spouse divorce, there is no need to wait until you exit the Fund (through resignation, retrenchment, retirement or death), before your non-member former spouse is paid that part of your pension benefit which is due to him/her.

When you get divorced, the settlement reached around

the division of your estate, including the pension interest is between the two parties and is reflected in the divorce order. If your former spouse claims a percentage of your pension interest, the claim against your Fund benefit is a percentage determined in the settlement reached.

The pension interest payable to the non-member former spouse is deemed to accrue on the date of the divorce order. The non-member former spouse may elect to have the pension interest paid to him/her directly, or have it transferred to an approved pension fund on his/her behalf.

HOW DO YOU ADVISE THE FUND?

You as the member of the Fund, or your non-member former spouse can advise the Fund of the divorce order. The following documentation must be provided to the Fund on submission of the claim:

- An original, certified divorce order;
- The claimant's bank details (an original bank statement or a letter from the bank with a bank stamp;
- An original certified copy of the claimant's identity document;
- A completed Form 3B, which can be obtained from the Fund or the Fund's website.

When all documentation is completed and received by the Fund, the divorce order is ratified by the Fund's Legal and Technical Services Department. The Fund will pay the benefit within 60 days of receipt of all complete documentation.

TAX

Upon the calculation of the benefit, a tax calculation will be made on behalf of the non-member former spouse, who is liable for the tax payable on the amount. Should the non-member former spouse not be employed, they must first register with the South African Revenue Services to obtain a tax reference number. The benefit cannot be processed without the recipient's tax reference number.

WHAT IS THE IMPLICATION ON THE MEMBER'S BENEFIT?

The deduction of the pension interest reduces your benefit in the Fund from the date of payment of the pension interest and this also leads to an adjustment of your Deem Start Date.

All your Fund benefits will therefore be recalculated using your adjusted Deem Start Date and taking into account the reduced benefit.



Understanding the Process on EXITING THE FUND

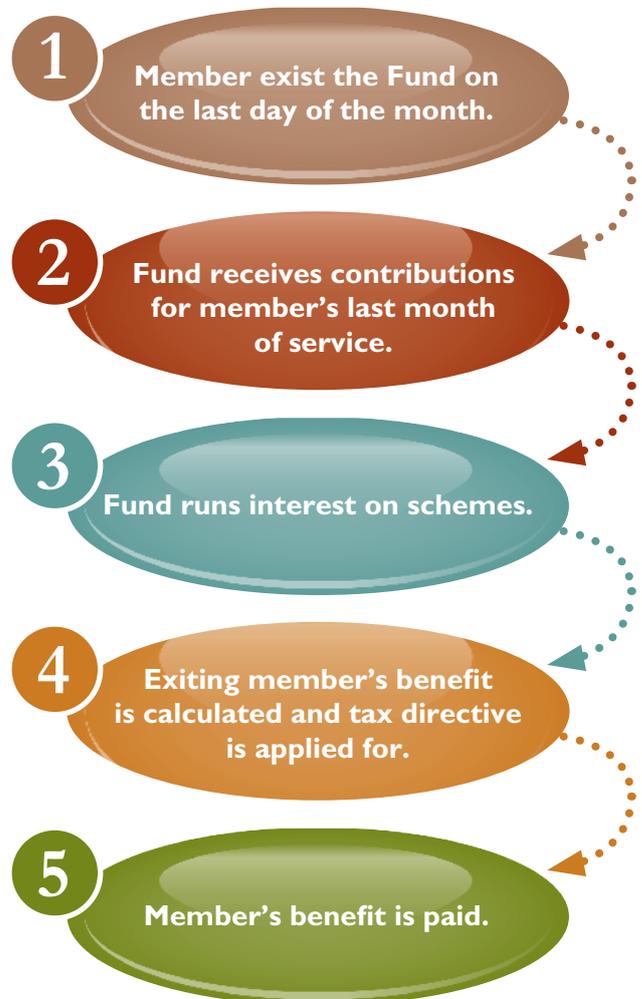
Previously in Power Talk, we notified members of the new administration system which was implemented by the Fund a few months ago. A new system sometimes means new processes. One of the impacts of the new system implementation is the process of paying out benefits to members when they exit the Fund.

When members exit the Fund, a few administration processes must take place. When you exit the Fund at the end of a particular month, the Fund then awaits to receive the contributions of the exit month. These contributions are usually received within the first seven days of the following month. Thereafter, the Fund reconciles all the contributions paid over to the Fund and runs interest on the contributions. (Read more on the interest rates on page 6.) Once the relevant interest rates are run, and all Fund administration processes are completed, the Fund calculates the benefit of a member exiting the Fund, applies for a tax directive so the relevant tax can be deducted from the benefit, and pays out the benefit if the member has elected to take the benefit in cash; or transfers the benefit in line with the member's instructions.

This entire process takes a few weeks and benefits are therefore not paid out immediately on the date of the member's exit. Remember, that while some members' forms such as retirement forms are submitted to the Fund a few weeks in advance, this only ensures that once the relevant administration processes have been completed, the member's benefit can be calculated and processed immediately after the Fund administration processes have been completed. Members should therefore expect their benefits to be paid six to eight weeks after their exit date.

To ensure that your benefit can be paid timeously please remember to:

- ✓ Make sure that your tax affairs are in order before exiting the Fund; and
- ✓ If you have a divorce order for which a benefit must be paid from your Fund benefit, please submit a copy of the divorce order with your withdrawal forms if it has not been submitted to the Fund before. Read more about divorce and your pension fund on page 2.



Power Talk Gets a NEW LOOK

The next time you pick up a copy of Power Talk, the newsletter will be in a fresher, more modern look and feel. We will continue to use Power Talk to share our news and information of the Fund and financial-related matters in this new, more reader-friendly format.



Five TIPS for SURVIVING DEBT

In the same manner that we speak of physical, mental and emotional wellbeing, it is equally important to focus on our financial wellbeing. When our finances are not in good standing, it can increase anxiety and levels of stress. While there may be things we have little or no control over, such as financial crises in world markets, or inflation, we can try to ensure that we can weather the storm when a financial crisis or credit crunch hits. Here are a few tips to help you survive a personal credit crunch, or simply get through a financially challenging period.



Tip 1

DO NOT IGNORE YOUR DEBT

- Resolve to deal with your indebtedness using the tools at your disposal.
- Get in touch with your creditors and explain your situation. Creditors would rather receive small payments from you than none at all, so negotiate lower instalments.
- Don't be threatened or bullied into making promises you cannot fulfil, you have rights.
- Avoid dealing with your financial issues in secrecy or through denial – make your family aware of your situation.

Tip 2

PRIORITISE AND PAY YOUR DEBTS

- Formulate a budget representing all your income and monthly commitments.
- First pay the bills on essentials like housing, electricity and insurance.
- After essentials, pay your day-to-day expenses like travel and food.
- Give priority to those debts that carry the highest interest and then the rest in descending order.
- Seek expert advice before selling anything.

Tip 3

AVOID BORROWING TO PAY OFF DEBT

- At all costs, avoid using credit cards to pay for existing debt.
- Credit only creates more debt, so don't take on any extra credit cards or store cards.

Tip 4

CUT DOWN ON EXPENSES

- Eliminate non-essential items. Short-term discipline will ensure long-term financial stability for you and your family.
- Make a list differentiating between your genuine needs and things you merely want and stick to it.
- It is a mistake to cancel car and household insurance policies. Rather cut down on luxuries.
- Surrender goods for which you are no longer able to make payments before you become over-indebted.
- Where possible, avoid paying others to do things which you can do yourself.

Tip 5

START SAVING

- Plan to save money every month.
- With the money you put aside, create an emergency fund for unforeseen circumstances which may arise.
- Be consistent and accurate with your budget and save what is left over.

**Information taken from www.ncr.org.za.*

How your lump sum death benefit is distributed

Your mortality is never an easy matter to contemplate. However, you can make the thought easier by ensuring that your loved ones that are left behind are well taken care of. The Fund pays out a lump sum death benefit to your dependants and a pension for your spouse and children in the event of your passing.

The lump sum death benefit is distributed in accordance with the Pension Funds Act. When you pass away as an in-service member, the Fund conducts investigations to establish or verify your dependants who must receive a benefit. The findings are referred to the Board of Trustees to apply their minds to the findings in determining the distribution of your death benefit. Your beneficiary nomination form is used to guide the Fund about how you want your benefit to be distributed. You can make this process much easier by completing a beneficiary nomination form in accordance with the Pension Funds Act. It is useful to take note of the things the Board of Trustees considers in line with the Pension Funds Act when distributing a benefit, and align your nominations to the legislative requirements.

The Board of Trustees has a duty to identify the beneficiaries of a deceased member, and has the discretion to decide the proportions in which the benefit will be distributed and consider the circumstances of each beneficiary when making a distribution. The Trustees take, among other factors, the following, into consideration when making a determination on the distribution of a benefit:

- **Benefit available for distribution**
 - ✓ The Fund must consider the amount of money available for distribution. If the lump sum is not substantial, only a few dependants may be able to benefit.
- **Dependency**
 - ✓ Trustees consider whether the deceased's nominated beneficiaries are legal dependants (such as a spouse and children), factual dependants (such as parents you are supporting financially), and even consider whether the deceased had no dependants;
 - ✓ The extent to which a beneficiary is financially dependent on the deceased.
- **The nature of the relationship with the deceased will be considered. For instance:**
 - ✓ the deceased's children, including biological or legally adopted are more likely to be included in the distribution as opposed to nephews and nieces;
 - ✓ the Trustees will consider your legal or customary widow, or live-in partner for a benefit.
- **Current and future financial needs of dependants**
 - ✓ Matters such as dependants' educational, housing and

accommodation and medical needs are taken into consideration when allocating a benefit;

- ✓ The potential future earning of a dependant is also taken into consideration.

These are some of the factors which the Board of Trustees considers when distributing a death benefit. It is therefore useful to also make similar considerations when nominating your beneficiaries. Consider nominating your spouse and children first. Also nominate any other financial dependants which you may have, whom you know will be negatively financially impacted if you became deceased.

Remember to update your beneficiary nomination form when you have any major life event, such as the birth or death of a child or spouse, the adoption of a child, a marriage or divorce or the attainment of a financial dependant.

Beneficiary nomination forms can be obtained from your Human Resources office, the Fund office or the Fund website on www.eppf.co.za.

BENEFITS PAYABLE ON THE DEATH OF AN IN-SERVICE MEMBER

On the death of a member, a lump sum equal to twice the member's annual pensionable salary is payable and distributed in terms of the provisions of Section 37C of the Pension Funds Act.

PLUS

A widow/widower's pension of the first 60% of the member's potential pension is payable. The pension is calculated as if the member had remained in service and attained age 65, based on the current pensionable salary.

PLUS

If the deceased member also had a child pension of 30% of the pension to which the member would have been entitled if he/she had remained in service until the normal retirement date will be payable. The children's pension will increase to 40% if there are two or more eligible children.

If there are no spouse's or children's benefits payable, a benefit will be paid to the member's estate equal to the greater of:

- a lump sum equal to the member's annual pensionable salary, plus 10% of the final average pensionable salary per year of pensionable service;
- or
- Twice the member's annual pensionable salary.

Fund Interest Rates

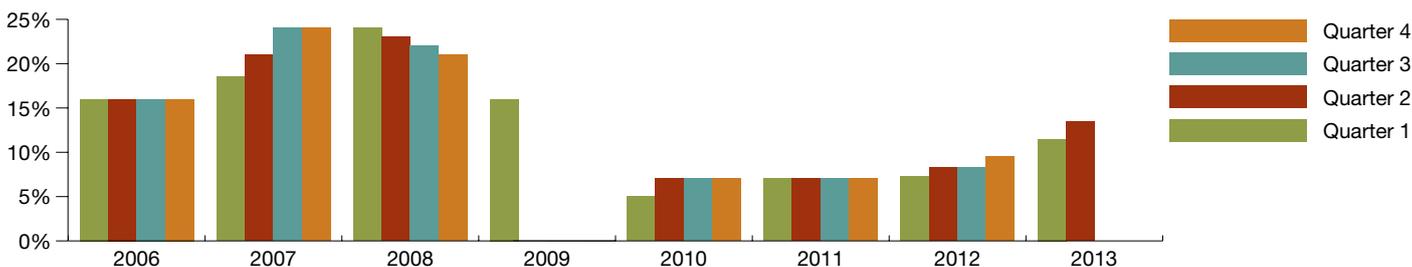
Interest rate applicable to investment schemes in the Fund

The Fund interest rate is a percentage set by the Board of Trustees of the Fund to apply to the investment schemes in the Fund. The investment schemes include your normal monthly contributions which make up your benefit in the Fund, the Additional Voluntary Contribution Scheme (AVC

Scheme), the Performance Bonus Scheme, in which the pensionable portion of your performance bonuses are invested and the Deferred Pension Scheme. The percentage is set in order to determine the rate of return on members' investment benefits in the various schemes.

The Board reviews the interest rate on a quarterly basis, taking into consideration the financial performance of the Fund's investments.

Below are the latest Fund interest rates



Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2006	16%	16%	16%	16%
2007	18.50%	21%	24%	24%
2008	24%	23%	22%	21%
2009	16%	0%	0%	0%
2010	5%	7%	7%	7%
2011	7%	7%	7%	7%
2012	7.25%	8.25%	8.25%	9.50%
2013	11.50%	13.50%		

Increase Your Pension Savings with the AVC Scheme

Members of the Fund can increase their benefit in the Fund by making extra contributions to the Fund's Additional Voluntary Contribution (AVC) Scheme at anytime. Contributions can be either on a monthly, once-off or ad-hoc lump sum basis. AVC contributions must be processed through your employer payroll department and cannot be paid directly into the Fund's bank account. Contributions to the AVC scheme do not "buy back" years of service. When you withdraw from the Fund, the investment in the AVC scheme is used to enhance your pension benefits.

The AVC form can be obtained from your HR office or the Fund call centre on 0800 11 45 48. To download forms from the Fund's website, go to www.eppf.co.za, click on "Forms Download" and select the "Additional Voluntary Contributions Application Form".



Important Contact Details ...

Toll free Contact Centre: 0800 11 45 48

Fax Number: 011 709 7529

Walk-In Contact Centre & Physical Address:

Moorgate House,
Hampton Park South,
24 Georgian Crescent,
Bryanston East, 2152

Witbank Regional Office: 013 693 3240/3918

Email: info@eppf.co.za

Website: www.eppf.co.za

Postal Address: Private Bag 50, Bryanston, 2021

While every effort has been made to ensure the accuracy of the information in this newsletter, if any discrepancy occurs between the Rules of the Fund and any information or statement in this publication, the Rules of the Fund will prevail. The articles and topics discussed in this publication are for information purposes only and are not intended to be, do not constitute, nor should they be construed as financial advice. It is strongly recommended that you consult an accredited financial advisor before taking up any financial products.