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# POWER TALK

OCTOBER  
2014

 **Eskom**  
Pension and Provident Fund

## EDITOR'S NOTE

### Dear Pensioner

The year 2014 has flown by so quickly. We are also halfway through the four year term of office of the Board of Trustees. In this edition we take a look at their roles and responsibilities and help you understand what you should expect from your Board members.

We can't always prevent unforeseen circumstances happening in our lives, but we can at least plan for them and know what will happen if they should occur. In this edition of the newsletter we put the spotlight on the death benefits payable in the event of your passing away and how they are distributed. We also discuss how divorce benefits impact your pension

benefit while you are in service, and even if you should leave service and defer your benefit.

With change being the only constant, we bring you news of the changes we have made to the EPPF website with new features, including an online contact form and member online portal. The new look of the Power Talk is also a change which we trust will not go unnoticed. If you would like to share your thoughts on the new look Power Talk or the website, please make use of the online contact form on the website to get in touch with us.

**Regards**  
**The Editor**

## BENEFIT STATEMENTS NOW AVAILABLE ON NEW EPPF WEBSITE

Those of you who spend time online will have noticed that the EPPF recently revamped its website on [www.eppf.co.za](http://www.eppf.co.za).

The website now offers the convenience of accessing your personal statements online. All member benefit statements, AVC statements and tax certificates are now available on the website. All you have to do to access your member statements is to first register on the EPPF website and then you will be able to view your statements securely.

### Other new enhancements and features on the website include:

- Resource Centre: We provide links to legislation and pension fund-related industry bodies.
- Online Contact Form: When you go to the "Contact Us" section, you can send us an email directly from the website to submit a query and we will then contact you.

- Frequently Asked Questions: A general FAQ section and an FAQ section specifically for in-service members are now available on the website.

### NEW ENHANCEMENTS COMING SOON

The EPPF is continuously working on making enhancements to its website. Soon you will be able to view estimates of what benefits would be payable to you at various life events. The EPPF will notify members when this self-service option becomes available.

### GIVE US YOUR THOUGHTS!

Tell us what you think about the new website – go to [www.eppf.co.za](http://www.eppf.co.za), go to the "Contact Us" section and click on "Send Us a Message" to access the on-line comment form.

# HOW TO REGISTER ON THE EPPF WEBSITE

In order to access your statements, all you have to do is to register on the EPPF website. This is an easy process and all you have to do is follow the steps as below:

1. Go to [www.eppf.co.za](http://www.eppf.co.za).
2. Click on "Register" on the top right hand corner.
3. Type in all the mandatory fields which have an asterix.
4. When you fill in your unique number in the space provided, the number must be nine digits. Please add zeros at the beginning of the unique number to make up the nine digits.
5. Once you have completed and submitted the registration form, you will receive an email or SMS (depending on the choice you have submitted in the form) to confirm your registration.
6. Please keep your password safe and always use your nine-digit unique number and password to log on to your profile.

Access to your statements is safe and secure.

## DIVORCE AND THE DEFERRED PENSION BENEFIT

In-service members who leave service have the option to preserve their benefit in the EPPF by placing their transfer value (also known as the actuarial reserve value) in the EPPF Deferred Pension Scheme.

The Deferred Pension Scheme is an individual account-based scheme and the money in each member's account attracts interest which is compounded monthly on the value of the benefit. The interest rate is reviewed by the Board every three months. A history of the interest rates applied to the scheme can be viewed on the website on [www.eppf.co.za](http://www.eppf.co.za).

In the case of an in-service member, if he/she gets divorced, his/her pension fund benefit in the EPPF may be taken into account as part of the divorce settlement. During the divorce proceedings it will be up to the member and spouse to agree on the percentage, if any, which the spouse may claim. This agreement will be made in order of the court, and will be so specified in the divorce order. If the divorce order is binding, the in-service member would then have to settle with the ex-spouse in terms of the divorce order, and the member's years of service factor used in the retirement formula will be affected (reduced) and the member's Deem Start Date will be adjusted. This reduces the ultimate benefits payable on withdrawal, retrenchment, retirement and death to reflect the value of the divorce payment that has already been made.

In the case of deferred pensioners who leave their benefits in the Deferred Pension Scheme, previously the value of the person's deferred pension benefit would not form part of the divorce claim. However, this is no longer the case. Changes were recently made to the Pension Funds Act, which now allow for a former spouse to claim from a deferred pensioner's benefit as well. This means that if you defer your transfer value in the EPPF Deferred Pension Scheme when you leave the service of the employer and then you get divorced, your former spouse can make a claim against your accumulated value (transfer value plus interest) in the Deferred Pension Scheme. Your accumulated value will therefore be reduced by the amount claimed by your former spouse.

In all cases of divorce and where a division of pension interest has been ordered by the court, the "Clean Break Principle" will apply. Simply stated, this means that the portion of the pension interest that has been ordered by the court to be paid to the ex-spouse, will be paid immediately as soon as the EPPF receives a copy of the divorce order.

Please visit the EPPF website on [www.eppf.co.za](http://www.eppf.co.za) for more information on the process to follow in the case of a divorce order deduction.



# BENEFITS PAYABLE ON DEATH

As part of financial planning, you ought to ensure that should you pass away, your loved ones are taken care of financially. While many people obtain funeral policies and life cover, the EPPF also pays benefits in the event of an in-service member passing away. Here is a table of the benefits payable by the EPPF in each circumstance in the event of you passing away:

	LUMP SUM	MONTHLY PENSION
Death in service with a spouse only: <b>Lump sum + monthly pensions</b>	A lump sum equal to twice your annual pensionable salary	A monthly pension equal to 60% of the pension that you would have received at age 65
Death in service with children only: <b>Lump sum + monthly pensions</b>	A lump sum equal to twice your annual pensionable salary	<p>A monthly pension equal to 60% of the pension to which you would have been entitled if you had remained in service until age 65 if there is one eligible child</p> <p>If there are two or more eligible children, the pension increases to 100%, and is split equally amongst them</p>
Death in service with a spouse and children: <b>Lump sum + monthly pensions</b>	A lump sum equal to twice your annual pensionable salary	<p>A monthly pension equal to 60% of the pension that you would have received at age 65</p> <p>If there is one eligible child, a further pension equal to 30% of your pension is payable (=90%); and</p> <p>If there are two or more eligible children, the children's pension increases to 40% of your pension (=100%).</p>
Death in service with no spouse and no children: <b>Lump sum</b>	<p>The greater of:</p> <p>Your annual pensionable salary at the date of death; <b>plus</b> 10% of your final average salary per year of pensionable service;</p> <p><b>Or</b></p> <p>Twice your annual pensionable salary</p>	

## What conditions are applicable to the payment of monthly pensions?

The following conditions are applicable on the monthly pensions which are payable to your eligible spouse/s and/or eligible children:

- Your qualifying spouse/s will receive a pension for life, even if he/she remarries;
- The eligible children's pensions are payable until the children turn age 21;
- If there is a physically or mentally incapacitated child, the child may receive a monthly pension for life subject to the approval of the Board; and
- If you have more than one household with a spouse/s and eligible children, the pension cannot exceed 100% of your theoretical pension and the amount of the pension available will be split equally according to the number of spouses and/or eligible children.

## How and to whom is the lump sum distributed?

In order to determine the allocation of a lump sum benefit payable in the event of your passing, the EPPF conducts investigations to determine the dependants and/or beneficiaries to whom your lump sum must be allocated. The findings are submitted to the Board of Trustees, which determines the allocations.

Your lump sum death benefit is firstly allocated to your dependants, who include your spouse, and eligible children. Factual dependants such as parents or siblings for whom you provided financially are also considered in the allocation of a lump sum death benefit.

If you have no dependants, the benefit is distributed to other beneficiaries who you may have nominated who were not financially dependent on you (nominees); provided that your estate is not insolvent. If you have elected to have your benefit distributed to nominees and your estate is insolvent, then the Board must pay an amount to your estate to bring it to solvency and the remaining benefit is paid to the nominees. If there are no nominees, the full lump sum benefit is paid to your estate.

## How will the EPPF know who my dependants and beneficiaries are?

You must complete your Beneficiary Nomination form by listing your dependants and/or beneficiaries first and then your nominees, if any. The relevant Beneficiary Nomination form must be updated whenever necessary, such as at various life changing events such as marriage, divorce, birth

or adoption of children or on the death of any of dependants. The form is used to assist the EPPF in conducting the Section 37C investigations and determine the benefit allocation. The Beneficiary Nomination forms can be obtained from the EPPF website on [www.eppf.co.za](http://www.eppf.co.za).





# UNDERSTANDING THE EPPF's BOARD OF TRUSTEES

As a member of the EPPF, some of you may recall that trustee nominations and elections took place in 2012, where after a new Board of Trustees (the Board) took office. This process of nominating and electing Board members must take place every four years and of the 14 Trustees, seven trustees are elected as follows:

- Two elected by pensioners
- Two Board Members, elected by non-unionized in-service members
- Three Board Members elected by unionized in-service members.

The other half of the Board is appointed by the Principal Employer (Eskom). All trustees serve a four-year term and may be elected or appointed for a maximum of two consecutive terms. The main duties of trustees are to:

- Act in the best interest of the members of the EPPF;
- Ensure that the EPPF is managed in a transparent and fair manner in accordance with relevant legislation and the Rules of the EPPF;
- Ensure proper registers, books and records of the EPPF's procedures are kept;
- Ensure enough and correct information is communicated to members of the EPPF about their rights, benefits and duties in terms of the Rules of the EPPF;
- Take reasonable steps to ensure that contributions are paid on time to the EPPF; and
- Obtain expert advice on matters where the Board requires additional expertise.

Although the Board oversees the strategic management of the EPPF, it delegates the day to day running of the EPPF to the Chief Executive, who is also the Principal Officer of the EPPF. The Board meets at least once a quarter and monitors Executive Management's compliance with policy and its achievements against pre-determined objectives. A number of Board Committees exist in order to assist the Board in managing the EPPF's affairs in a structured way.

Each Committee operates within the ambit of its defined terms of reference and delegated authority as approved by the Board, which continues to review the performance and effectiveness of these Committees on a regular basis. The Board determines whether there is a need for committees focusing on specific areas of the EPPF's activities. The EPPF has the following Board Committees with various mandates:

**Audit and Risk Committee:** serves in an advisory capacity to the Board and assists the Board to discharge its duties relating to the safeguarding of EPPF assets, monitoring the operation of systems and controls, review of financial information and the preparation of annual financial statements which are provided to EPPF stakeholders and others. The ARC is also responsible for the evaluation of the

independence, objectivity and effectiveness of the external and internal Auditors, as well as for the review of accounting and auditing concerns identified by external and internal audit. The ARC assumes the responsibility for the governance of the EPPF's Information Technology and aligning it with the performance and sustainability objectives of the EPPF.

**Benefits Committee:** is delegated the authority to oversee and direct the retirement fund operations on behalf of the Board.

**Human Resources and Remuneration Committee:** is responsible for influencing and approving Human Resource policies and strategies and monitoring compliance with all relevant legislation, statutory requirements and best corporate practices. It is also responsible for determining Executive Management remuneration and the remuneration policy framework and making recommendations to the Board in this regard. The committee also ensures the Executive Management remuneration policy and practice is in accordance with best corporate practices.

**Strategic Investment Committee:** holds the key responsibility of attending to the investment affairs of the EPPF in accordance with the EPPF Rules and relevant statutory requirements, such as Regulation 28 of the Pension Funds Act No 24 of 1956.

Over the next few editions, we will be sharing more information with you on the Board, how it functions, and the process of trustee elections, as we move towards the next trustee election season.

**Please visit our website on [www.eppf.co.za](http://www.eppf.co.za) to view the names of the trustees.**



# FUND INTEREST RATES

The Fund interest rate is a percentage set by the Board to apply to the investment schemes in the EPPF. The investment schemes include your normal monthly contributions which make up your benefit in the EPPF, the Additional Voluntary Contribution Scheme (AVC Scheme), the Performance Bonus Scheme, in which the pensionable portion of members' 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 EPPF's investments.

Below are the latest interest rates.



Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2006	16%	16%	16%	16%
2007	18.5%	21%	24%	24%
2008	24%	23%	22%	21%
2009	16%	0%	0%	0%
2010	5%	7%	7%	7%
2011	7%	7%	7%	7%
2012	6.5%	7.25%	8.25%	9.5%
2013	11.5%	13.5%	16%	14.7%
2014	14.5%	14.7%	14.63	

## CONTACT DETAILS

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