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PowerTalk

MARCH 2012

EDITOR'S NOTE

Dear member

Welcome to 2012! I hope that you've had time to reflect on 2011 and to make good resolutions for the new year. I hope that among your resolutions, is a decision to save more money. In this edition, we look at various ways to preserve your pension nest egg, such as the EPPF Deferred Pension Scheme in the event of leaving the Fund, and making Additional Voluntary Contributions to increase your retirement savings. We also try to help you to kick-start getting your finances in order and meet your financial goals, by giving you tips on how to choose a financial advisor.

It's an exciting time in the Fund – the Trustee elections have taken place and voting came to a close on 30 March 2012 and the counting of the votes is now underway. Our active participation in democracy doesn't just begin and end with national government elections. The EPPF Trustee elections have been an opportunity to exercise this important right through electing the Board of Trustees of the EPPF to look after your Fund investments and make sure that the Fund is managed in a transparent, accountable manner in line with good governance principles. Thank you for making your vote count in the EPPF 2012 Trustee elections!

Regards

THE EDITOR

EPPF LAUNCHES

A Revised BBBEE Policy

Investments are a cornerstone of how we make the Fund's assets and money grow in order to continue to provide benefits to all pensioners and members of the Fund. The manner in which we invest the assets of the Fund to yield the best possible returns is therefore very important. While doing this, we still have a responsibility to contribute positively towards the transformation of the financial services sector.

The Board of Trustees of the Fund recently approved a revised Broad-Based Black Economic Empowerment (BBBEE) Policy for the management of the Fund's investments. This is an exciting development for the Fund, as the policy will help the Fund to drive transformation and increase opportunities for the economic participation of previously disadvantaged asset managers and other service providers.

The EPPF will use BBBEE to try address the economic imbalances of the past by making its contribution towards accelerating the meaningful economic participation of the previously disadvantaged. Unlike BEE which only focused on Ownership and Management, BBBEE's focus is on Equity Ownership, Management, Employment Equity, (Cont'd on page 2)

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Sbu Luthuli, EPPF Chief Executive speaking at the breakfast



Skills Development, Preferential Procurement, Enterprise Development and Socio-economic Development.

The Fund's BBBEE Policy provides compliance guidelines to drive transformation in asset management companies, emerging black asset managers, private equity funds, socially desirable investments and stock broking companies.

The policy requires all asset managers to achieve a level 3 BBBEE rating. Non-complying managers will be given a 12-month window to comply. It further encourages managers to strive for a 50% black employee representation at both board and executive director level, as well as 40% black employee representation at top management.

The revised policy was introduced to the Fund's service providers like asset managers and stock brokers, and industry stakeholders such as the Financial Services Board, the Department of Trade and Industry and other large funds such as the Government Employees Pension Fund at a breakfast held in Sandton on the 15th of February. The breakfast was also an opportunity for the service providers to engage in a meaningful discussion on EPPF's policy and on BBBEE in general.

The adoption of this policy is also a demonstration of the Fund's commitment to South Africa's transformation agenda and economic empowerment and an opportunity to influence the impact and effectiveness of BBBEE policy in South Africa's financial services industry.

If you would like to find out more about the Fund's BBBEE Policy, please visit the Fund's website on www.eppf.co.za and click on the "What's new" tab.

ELECTION FOCUS The Counting Begins



As you are aware, we ran Trustee elections for the new EPPF Board of Trustees who will take office in June 2012. (The term of office of the current Board of Trustees ends on 31 May 2012.) The process began with a nomination process in January and was followed by an election process during March. We would like to thank you for taking part in the election process voting for your pensioner Trustees.

Voting for your member Trustees is a very important exercise in democracy to ensure that the right people whom you want to represent you are elected onto the EPPF Board of Trustees.

During April and May, the votes will be counted and the member-elected candidates – the two pensioner Trustees and five member Trustees - with the highest number of votes will become Trustees on the EPPF Board of Trustees. We will announce the names of the Trustees as soon as the results become available. The Fund will ensure that once the Trustees are elected and are in office, they receive Trustee training and education on the laws that govern pension funds, the rules of the Fund, and all matters relating to the Fund such as risks, and investments.

The entire election process is overseen by an independent electoral office, the Electoral Institute for Sustainable Democracy in Africa (EISA), to ensure that the elections are fair and transparent.

If at any point you have any concerns or queries about the elections, please contact the electoral officer directly on 0800 11 43 73, free from a Telkom line or send an email to ntokozo@eisa.org.za.

Preserving your benefit in the EPPF Deferred Pension Scheme

Now and again, our circumstances change and we change jobs. Leaving a current employer to join a new one also means that you cease to be a member of your current employer's retirement fund. You then face the decision of how to continue saving and preserving your existing retirement benefit. Options available to you when you leave the EPPF are:

- ◆ To take your benefit in cash (this will be subject to tax);
- ◆ to transfer your benefit to your new employer's retirement fund; or
- ◆ to leave your benefit in the EPPF Deferred Pension Scheme.

Let's take a look at how the EPPF Deferred Pension Scheme works.



What is the EPPF Deferred Pension Scheme?

The EPPF Deferred Pension Scheme is a preservation option for members who leave the employer on resignation, retrenchment or dismissal. When you transfer your benefit to the Deferred Pension Scheme you become a Deferred Pensioner of the EPPF, meaning that you preserve your benefit in the scheme where it will earn interest until your retirement date.

How does the EPPF Deferred Pension Scheme work?

Your Deferred Pension Scheme Benefit will remain in the scheme until you retire. During this period of investment, interest will be added to your benefit on a monthly basis, and on the basis of interest rates based on the actual Fund investment performance. One of the main benefits of the scheme is that, at present, members do not pay management or investment fees to participate in the scheme and this represents a major benefit over similar investments outside the Fund.

In terms of the Pension Funds Act, 1957, all pension monies are protected from creditors (excluding divorce proceedings) and the investment is therefore "safe" in the event of financial problems that you may encounter

You may retire from the scheme and access your benefit any time between the ages of 55 and 65.

However, it must be noted that once your benefit is transferred to the Deferred Pension Scheme, you may not transfer it to another fund and you will not be able to access it before the date of actual retirement. When you access your benefit, it will be treated like a pension and you may take up to one third as a cash lump sum, and the rest will be paid as a pension. The lump sum will be subject to the tax applicable at that time.

Can I make additional contributions to the Deferred Pension Scheme?

Like a preservation fund, you may not make any additional contributions to the Deferred Pension Scheme. You will simply earn interest on the money that you have transferred into the scheme. Each year, you will receive a benefit statement from the Fund to advise you of the value of your deferred benefit.

What will happen to my money in the scheme if I pass away?

If you pass away before you retire from the scheme, the total value of your benefit in the scheme (i.e. the benefit transferred into Deferred Pension Scheme, plus interest, less tax) will be paid to your beneficiaries or dependants in terms of Section 37C of the Pension Funds Act.

If you pass away after your retirement from the scheme, if you have a surviving spouse, he/she will be eligible to receive 60% of the pension you received at the date of your death. Any eligible children will also receive a pension.

Remember to consider the services of a financial advisor to help you make the best financial decisions for your future. See our article on financial planning to help you with getting a financial advisor.

If you choose to preserve your benefit in the EPPF Deferred Pension Scheme, remember to advise a trusted person that you still have a benefit in the EPPF Deferred Pension Scheme, so that your loved ones know that they can approach the Fund to access the benefit when you pass away. Refer to our article on what to do on the death of a member to give your family steps on how to access your benefit in the Fund if you pass away.

Additional Voluntary Contributions

– Save more for your retirement

As the saying goes, you can never save enough for your retirement. While the Fund helps to provide for your retirement through monthly member and employer contributions, you can still save even more to provide for your retirement through Additional Voluntary Contributions (AVCs).

The Fund offers an AVC scheme, where members of the Fund can volunteer to make extra contributions towards their retirement savings. The contributions you make are invested by the Fund and attract interest to grow. At retirement, this additional savings portion is then used to increase the value of your retirement benefit.



Let's take a quick look at how the AVC scheme works.

- **How often can I make AVCs?**

You can choose how often to make additional contributions. You may make once-off or periodic lump sum contributions. You may also choose to make regular monthly contributions or occasional contributions as and when your finances allow.

- **What happens if I want to change my rate of contribution or stop my AVCs?**

If at any time you want to increase or to reduce your AVC contribution rate, you must complete the AVC

form. If you want to stop the contributions, you must complete the form as well. If you want to start making AVCs again, you must again complete the AVC form. Completed AVC forms must be submitted to your Human Resources Office.

- **How are my contributions deducted?**

Once you have completed the AVC form, you must submit it to your Human Resource Office, who will ensure that the contributions are deducted from your salary and will notify the Fund of your AVCs.

- **How do I keep track of how much I have in AVCs?**

As you know, once a year, you receive a benefit statement from the Fund. Your AVCs and the interest they have accumulated are also reflected in your annual benefit statement.

- **When am I able to access the money invested in my AVCs?**

The AVCs are payable in accordance with the rules of the Fund. If you pass away, your total AVCs plus interest will be added to the benefit total and paid out to your dependants in terms of Section 37C of the Pension Funds Act. On resignation, the benefit will be added to the main benefit payable to the member as a lump sum, subject to tax. On retirement, the AVC benefit will be added to the total benefit payable to the member. The member may choose to take a maximum of one third of the total sum as cash. The balance will be paid as a pension in accordance with the Rules of the Fund.

- **What are the benefits of making AVCs?**

Of course the most obvious benefit of making AVCs is that they increase your retirement savings and help towards creating a bigger retirement nest egg. You may also get a tax break as may be determined by SARS.

- **Where do I get the AVC forms?**

To get the AVC form, visit your HR Office, or contact the Fund directly on 0800 11 45 48 or go to www.eppf.co.za and click on "Forms Download" and select the "Additional Voluntary Contributions Application Form".

What happens when you pass away?

The passing of a loved one is a difficult event for those left behind. The emotional and financial difficulty can be made easier if those left behind know what to do when you pass away. As a member of the Fund, your dependants are entitled to a lump sum and pension benefit (if there is a spouse or eligible children left behind) in the event of your passing away. In order to access the benefit, your family must take the following steps:

1. **Notify** the nearest Eskom Human Resources Office or our EPPF Offices or Fund Contact Centre on 0800 11 45 48.
2. **Request** the "Applications for Death Benefits" form.
3. **Request** the "Application for lifelong benefits" form as well if there is a child left behind by the member.
4. **Complete** the form/s and return them to the nearest Eskom Human Resources Office together with:
 - ✓ A certified copy of the deceased member's death certificate
 - ✓ A certified copy of the deceased member's Identity Document
 - ✓ A certified copy of the Identity Document of the applicant/s (The surviving spouse and/or children)
 - ✓ A certified copy of the Civil marriage or customary union certificate ; or an affidavit stating the relationship with the deceased
 - ✓ Certified copies of the birth certificates of children below the age of 21 years
 - ✓ If there is a dependant child who is permanently mentally or physically handicapped and who may qualify for a lifelong pension, certified copies of medical certificates and the birth certificate of that child as well as certified copies of the birth certificate of every such child.
 - ✓ Bank details of the beneficiary (e.g. husband or wife of the deceased)

Note that if the relevant documents are outstanding, this may lead to a delay in payment.

To help make things easier for your loved ones keep a personal file with the following:

- Your EPPF details, including your EPPF unique number, the address of your nearest Eskom Human Resource Office, and the EPPF toll free number - 0800 11 45 48.
- The information provided above on the steps to take and information to provide to the Fund regarding your death.
- Include in that file contact details of any other life and/or funeral policy details, assets and debts.
- Tell a trusted family member where they can find this file when it is needed.

Make your dependants' lives easier by ensuring that your beneficiary nomination form is up to date.

All forms can be requested from your nearest HR Office, or directly from the Fund on 0800 11 45 48, or via e-mail at info@eppf.eskom.co.za, or download the forms from www.eskom.co.za and click on "Forms Download". You may also visit the Fund's offices in Bryanston or Witbank.

Getting Started with Financial Planning

If you had all the money in the world what would you do? Travel the world? Take your children to the best schools? Buy that house you've always dreamed of? Retire comfortably? We all have dreams, and they require us to achieve certain financial goals to make them come true. With good financial planning, you can turn your financial goals into reality.

What is financial planning?

Financial planning is putting together a plan to meet your financial goals. In financial planning, you should set your financial goals, evaluate your current financial situation and come up with a plan on how you will achieve the goals. Goals may be long term or short term, and as such may need to be reviewed now and again. To help you come up with a plan to reach your goal, it helps to have a financial advisor.

Why should I have a financial plan?

Financial planning helps you to set realistic goals. It forces you to look at your situation and come up with a realistic plan to achieve those goals. You also become more aware of how one financial decision can impact on the financial decisions in other areas of your life. For instance, the birth of a child or marriage can lead to a change in your financial circumstances, lifestyle and financial goals. Changes in your life circumstances also impact on your financial goals and mean you should evaluate your goals against your circumstances regularly.

Financial planning will also help you to be more accountable for your finances and help you to be disciplined in reaching your financial goals.

How do I choose a financial planner?

You've thought about what you would like to achieve and are ready to make it happen. A financial planner can be a good helping hand in making things happen. A financial planner should be able to help you to review your financial situation and help you to create a plan to save and invest towards your goals. Take your time in shopping around for a financial planner to choose someone who makes you feel comfortable and whom you believe understands your needs. Ask your potential financial planner some of the following questions:

1. What are your qualifications?
2. What is your method of remuneration (fees or commission) and explain?
3. Do you belong to a professional body - if yes which one?
4. How many years experience do you have in giving advice?
5. Do you have any references?
6. Are you a licensed financial services provider and what is your number?
7. What "after sales back-up" do you provide?
8. What can I do if I am dissatisfied with your services?
9. What is your marketing plan and how does it apply to my investment with you?
10. Which product providers do you support?

*Some content was obtained from www.fpi.co.za.



 **Eskom**
Pension and Provident Fund

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.eskom.co.za

Website: www.eppf.co.za

Postal Address: Private Bag 50, Bryanston, 2021

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