OLD MUTUAL LIHAWU
UMBRELLA PENSION AND PROVIDENT FUNDS

MEMBER GUIDE

INVESTMENTS | SAVINGS | INSURANCE

OLDMUTUAL

Do great things

Old Mutual Lihawu Umbrella Pension & Provident Funds, hereinafter alternatively referred to as Old Mutual Lihawu Fund or simply Lihawu Fund, offers employers comprehensive retirement and risk benefits. For details of the benefits that your employer has selected for you, please refer to your New Entrant Certificate or Member Benefit Statement before reading this booklet.

If you need any more information, please contact your employer or, alternatively, Old Mutual at 2411 7800.

Please note: This is not a legal document. The information in this booklet is only a summary of the Rules of the Old Mutual Lihawu Umbrella Pension & Provident Fund and the various linked insurance policies. The Rules of the Old Mutual Lihawu Umbrella Pension & Provident Fund and the conditions in the policy contracts will apply in all cases.

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WELCOME TO
OLD MUTUAL LIHAWU FUND

Perhaps you're not thinking much about your retirement at this stage. It's a long way off and you have other priorities. Or maybe you think about it often, looking forward to a time when you can devote your life to the things you would really like to do.

Whatever you feel about your retirement right now, the fact remains: one day it will become a reality. To make the most of your life and your dreams, you need to plan for your financial security.

As a member of Old Mutual Lihawu Fund, this is what you get:

- **excellent servicing** to help you manage your affairs.
- **access to education and assistance** that can guide you to financial security throughout your life.

Old Mutual Lihawu Fund provides you:

- Retirement benefits
- Your pre-retirement savings invested to target inflation beating investment returns in the medium to long term
- Risk benefits – subject to the option selected by your employer
- Death benefits
- Withdrawal benefits
- Value-added services

WHY YOU SHOULD **READ THIS BOOKLET**

The Old Mutual Lihawu Fund is designed to benefit you. It's really important that you understand how your Fund works and what benefits you will receive. Please read this booklet and if anything is unclear or you have any questions, please contact your employer or, alternatively, Old Mutual at 2411 7800.

WHAT DOES THE FUND DO FOR ME?

Because your employer participates in Old Mutual Lihawu Fund, you are now a Member of the Fund.

Depending on what options your employer has selected, the Fund offers benefits when you:

- retire from the Fund,
- leave the Fund (through resignation, retrenchment or dismissal),
- die while you are still working; or if an immediate family member dies.

WHAT ARE MY RESPONSIBILITIES AS A MEMBER?

Read this booklet, your New Entrant Certificate, as well as your annual Member Benefit Statement, to make sure that you fully understand your benefits.

Keep your beneficiary nomination form up to date with any changes to your beneficiaries and give it to your employer for safekeeping.

HOW WILL THIS MEMBER GUIDE HELP ME?

By understanding your benefits, you will be able to plan for your financial security and retirement. You will also be able to ensure that your dependents are financially secure, should something happen to you.

Most people feel that they would like more control over their financial planning. One good way to start taking control is to understand your retirement fund benefits. The next section explains in more detail how your Fund works.

OVERVIEW OF HOW LIHAWU FUND WORKS

WHO MAKES CONTRIBUTIONS TO THE FUND?

Your Fund is called a defined contribution fund, because you and your employer contribute a fixed percentage of your salary to the Fund each month. The contributions to the Fund are equal to a decided percentage of your pensionable salary*.

You and your employer both contribute towards the Fund, your employer will deduct your contribution from your salary. Check with your employer to find out how much you and your employer contribute to the Fund.

* Your pensionable salary is that part of your salary used to calculate your retirement fund contributions. You can find this amount on your annual Member Benefit Statement and New Entrant Certificate. You can also check with your employer if you're unsure about this amount.

ADDITIONAL VOLUNTARY CONTRIBUTIONS

If you want to save even more towards your retirement, you can boost your Member Account by making additional voluntary contributions to the Fund. These are invested in the same way as your monthly contributions, regardless of whether you or your employer makes the additional voluntary contributions.

TRANSFERS TO OLD MUTUAL LIHAWU FUND

If you were previously a member of another retirement fund, your retirement savings in that fund can be (or may already have been) transferred to the Old Mutual Lihawu Fund and added to your Member Account.

For most people, their retirement funding is their largest single investment. However, it is important to understand that this forms only part of your general financial planning and wellbeing.

YOUR MEMBER ACCOUNT

Your Member Account consists of:

- your own contributions (if any), including additional voluntary contributions,
- contributions made by your employer towards your retirement savings, including additional voluntary contributions (if any),
- amounts transferred from other funds (if any), and/or
- investment returns;

less

- expenses, such as risk, administration and investment fees.

THE BENEFITS OFFERED

Your Member Account will be used to provide you with benefits if one of the following events occur:

- Retirement (including ill-health, early and late retirement)
- Withdrawal (resignation, retrenchment and dismissal)
- Death

INVESTMENTS

Your employer will have selected one of the retirement investment options outlined in this guide and made these available to you as an Old Mutual Lihawu Fund member. All of these investments are selected to provide you with the optimal balance between the highest possible growth for your retirement savings while keeping them safe and protected from inflation and any unnecessary risks.

If you need further information, be sure to ask your employer or HR department. Then look through the information provided here on the Old Mutual Lihawu Fund.

You don't need to get involved in any investment decisions because your employer will have selected one of the investment portfolios described below:

**** Your New Entrant Certificate and annual Member Benefit Statement show where your Member Account is invested.**

INVESTMENT PACKAGE	WHAT IS IT?
ABSOLUTE GROWTH PORTFOLIO (AGP)	The smoothed bonus investment portfolio holds some of the returns back in years of better-than-average performance to support returns in years of worse-than-average performance. This investment portfolio aims to provide long-term returns similar to those earned on the market-linked investment portfolio, except that a charge for the capital guarantee is levied.
BALANCED FUND	The returns on this investment portfolio are directly related to returns achieved on the stock and bond exchanges. Therefore returns will be more variable than those of the smoothed bonus investment portfolio.

YOUR BENEFITS IN MORE DETAIL

Old Mutual Lihawu Fund offers Members a range of valuable benefits:

- **Retirement Savings** (in either a Pension Fund or a Provident Fund).
- **Insured Benefits:**
  - Group Life Assurance Benefits
  - Family Funeral Benefits

RETIREMENT BENEFITS

When can I retire and what benefits will I receive?

Normal retirement age (NRA) and normal retirement date (NRD)
Your normal retirement age is set by your employer in your terms and conditions of employment, but usually an age between 55 to 60 years.

Early retirement
Provided your employer approves your early retirement, you can retire earlier than your normal retirement age.

Late (deferred) normal retirement
Provided that you have your employer's consent (and it is specified in the special rules of your employer's scheme), you can retire at midnight on the last day of any month after your normal retirement date. Contributions will still be payable during the period of membership after normal retirement.**

* You are allowed to retire after the after the age of 70, however your risk benefits will cease at age 70.

What benefit is payable at retirement?

You will receive a benefit at the date of your retirement equal to your full **Member Account.**

If you are a member of the **pension** fund, you must purchase (buy) a pension with a minimum of 2/3rds of your Member Account from any insurance company. The remaining 1/3rd will be paid to you in cash, except where the annual amount of such annuity does not exceed one thousand five hundred Emalangeni.

If you are a member of the **provident** fund, you can purchase a pension with your full Member Account,

OR

You can take any portion of your Member Account in cash and use the remainder to purchase a pension,

OR

You can take your full Member Account in cash.

The pension must be:

- purchased from a registered insurer;
- in your name;
- "compulsory, non-commutable and non-assignable" [these are the technical terms used to describe the type of annuity that you have to purchase; they mean that you must purchase a pension in terms of legislation and the Rules of the Fund, and that the pension may not be transferred to another person or taken in cash]; and
- payable at least for your lifetime.

The Fund's obligation to you will cease when you buy the pension.

Should I take a cash lump sum and what should I do with it?

The decision whether to take a cash lump sum and, if so, how to use it, should not be taken lightly. You need to ensure that you provide for your financial security during retirement. It may be advisable to use some of the available cash lump sum to clear any debt you may still have (e.g. a housing loan). The investment of your lump sum is a very important decision and we strongly urge you to speak to a qualified financial adviser about the best options for you.

What do I have to do to receive my retirement benefit?

You need to complete and submit an original Old Mutual Lihawu Fund Retirement Benefit Claim Form together with the necessary supporting documentation to the e-mail address provided on the claim form.

Purchasing a pension

Purchasing a pension is also known as "buying" a pension or annuity. Your retirement money is paid over to an insurer of your choice, who will provide you with a regular monthly income. You can choose between different kinds of pensions. Your choice should depend on your circumstances and it will affect, for instance, the size of your pension income, whether your pension will increase in future, the extent of the increase, if any, whether your dependents will receive a benefit after your death, and whether you will be able to control your level of income after retirement.

Most insurers offer four basic pensions (even though they may call them by different names).

Annuity types

- **Level annuity**
  Provides a guaranteed level income for the lifetime of the individual. This amount never increases.

- **Inflation-linked annuity**
  Provides a guaranteed income growing with inflation for the lifetime of the individual.

- **Bonus-escalating (with-profit) annuity**
  Provides a guaranteed income for life. This income grows each year with a bonus declared by the insurer based on the smoothed performance of an underlying investment portfolio.

- **Living annuity**
  Income is based on the performance of the chosen underlying investment portfolios. Individuals choose their income level for each year. This solution does not provide longevity protection (i.e. protection against an increased life expectancy).

These pensions are subject to the requirements of the Swaziland Revenue Authority (SRA) as issued from time to time.

If you have saved a big enough retirement benefit, a combination of these different pensions may be chosen. Combining different pensions gives you the advantage of more flexibility in providing for your needs and determining your income levels. You also have greater peace of mind by not having "all your eggs in one basket". Another reason why it is advisable to start saving well in advance.

WITHDRAWAL BENEFITS (RESIGNATION, RETRENCHMENT, DISMISSAL)

Your Old Mutual Lihawu Fund retirement savings

As an Old Mutual Lihawu Fund member, when you resign or are retrenched or dismissed from your job, you must transfer your retirement savings to another fund and/or take the money in cash.

Given that the amount in your retirement fund has been built up over many years, and it plays an important role in how well you can retire, it is important that you make the right decision.

WHAT ARE MY RETIREMENT SAVINGS OPTIONS

Option 1

MOVE YOUR RETIREMENT SAVINGS TO ANOTHER FUND

You can also keep your retirement savings invested by transferring the full amount to another retirement fund[1], like:

- a retirement annuity fund,
- a preservation fund; or
- your new employer's fund.

Remember that you need to find out if such a move will be tax-free.

[1] Subject to legislation and the rules of the receiving fund, at the time of transfer.

What you must do to transfer to another retirement fund:

1. Complete the Old Mutual Lihawu Fund Withdrawal Claim Form. Download it at www.oldmutual.co.sz/lihawufundforms or request it from the Old Mutual at 2411 7800.
2. Then complete the relevant application form for the new fund you have selected.
3. Attach a certified copy of your identity document (or passport if you are not a Swaziland citizen), and ensure that you provide all required data on the application form.
4. Give all these to your payroll administrator within 60 days of leaving your employer, or contact the Old Mutual at 2411 7800.

Completion of the withdrawal claim form will assist your payroll administrator to complete the quick and convenient claims process.

Option 2

WITHDRAW SOME, OR ALL, OF YOUR RETIREMENT SAVINGS IN CASH (and transfer the balance, if any, to another retirement fund)

Your final option is to take some, or all, of your retirement savings in cash. **But beware of the risks!** Any cash you withdraw could be taxed. What's more, by not keeping your retirement savings invested, you lose out on all the extra growth you could enjoy. You will also have to start saving for your retirement all over again – which means you will need to put a lot more money aside every month from now on!

Think about the impacts

You need to think carefully before taking cash, as it could have a serious impact on your chances of enjoying a comfortable retirement one day.

Old Mutual Lihawu Fund recommends that you invest your retirement savings rather than taking it in cash. After all, this money was saved up to help you enjoy your retirement. If you have to take some as cash, try to withdraw as little as possible and transfer the balance of your retirement savings to another retirement fund, so that it keeps growing for your retirement.

What tax will you have to pay?

The tax you will pay depends on whether you are on a pension or provident fund. The Lihawu Umbrella Fund administrator will apply for a tax directive to the Swaziland Revenue Authority (SRA) to determine tax payable.

What to do if you want to take all, or some, of your retirement savings in cash:

1. Complete the Old Mutual Lihawu Fund Withdrawal Claim Form. You can download it at www.oldmutual.co.sz/lihawufundforms or get it from Old Mutual at 2411 7800.

2. Make certified copies of your identity document and bank statement. Give all these documents to your payroll administrator within 60 days of leaving your employer, or call the Old Mutual at 2411 7800.

INSURED BENEFITS

Death Benefits

Should you die, your Member Account will become payable to your dependents and beneficiaries. Your benefit is paid out by the Management Board of the Fund according to strict guidelines laid down in the Retirement Funds Act –for more on how the death benefit is allocated.

The Old Mutual Lihawu Fund offers the following risk benefits if you die in service:

- **Lump Sum Death Benefit**
  On your death, a lump sum benefit is transferred into your member account.
- **Family Funeral Benefit**
  If selected by your employer, a lump sum is payable should you, your spouse and/or your children die. This benefit is provided by the Fund.

More about the Family Funeral Benefit

This benefit is designed to cover you, your spouse (maximum 1) and children in the event of death, to cover the costs involved in funeral arrangements and other associated expenses.

Children will remain covered up to the maximum age of 21 and this will be extended up to age 25 if the child is a full-time student (with proof of studies) and will be extended indefinitely if the child is wholly, and has been continuously dependent on the member as a result of mental or physical illness that prevents him/her from maintaining him/herself.

The maximum Family Funeral Benefit currently allowed is as follows:

	Option 1	Option 2	Option 3	Option 4
Principal member	E15 000	E10 000	E5 000	No cover
Spouse	E15 000	E10 000	E5 000	No cover
Children 14+ years	E15 000	E10 000	E5 000	No cover
Children under 14 years (including stillborn)	50%	50%	50%	No cover

Who allocates my death benefit and how?

The Fund death benefit (comprising your Member Account plus, if applicable, the lump sum death benefit) is not necessarily paid out according to your last will and testament.

The steps that the Management Board must follow are:

- **Establishing need**

  The Management Board must then consider the financial need of all your beneficiaries, rather than the amount these people would expect to receive based on their relationship to you. Although their relationship to you is important, it's only one factor. Financial need or existing dependency is still the most important factor.

- **Dividing the benefit**

  If you have dependents, the Management Board will use its discretion to decide how much each dependent should receive. This will be based on an objective assessment of all the facts. If you have nominated a beneficiary who is not a dependent, the Board may override your nomination if it believes there is a valid reason to do so. If you have no dependents, but have nominated people you would like to receive part of your death benefit (nominees), the Board will probably pay these nominees as you have indicated on your beneficiary nomination form.

Who will receive my death benefit?

The people who will receive your death benefit are called beneficiaries. There are two kinds of beneficiaries, namely dependents and nominees.

Dependants

According to legislation, a dependant is:

- a person in respect of whom the member is legally liable for maintenance;
- a person in respect of whom the member is not legally liable for the maintenance of such person;
  - (i) was in the opinion of the management board dependent on the member for maintenance;
  - (ii) is the spouse as a result of any customary or religious union;
  - (iii) is a child of the member and shall include a posthumous child, an adopted child and an illegitimate child;
  - (iv) a person in respect of whom the member would have become legally liable for maintenance, had the member not died.

Nominees

A nominee is a person whom the Management Board does not regard as being dependent on you, but whom you wish to nominate to receive a portion of your benefit. These people must be listed on your nomination form in order for the Management Board to take them into account when deciding who to pay the benefit to.

Beneficiary Nomination Form

To help the Fund to pay your benefits to the right people, it is recommended that you nominate dependents or nominees to receive your death benefits. You can make the task of the Management Board far easier and probably speed up payment, by ensuring that your Beneficiary Nomination Form is always up to date and reflects ALL your dependents.

Please give your completed form to your employer for safekeeping and ensure that the form is updated when necessary, e.g. if you get married, have a child, etc.

ANNUAL MEMBER BENEFIT STATEMENT

HOW CAN I KEEP TRACK OF MY RETIREMENT SAVINGS?

At least once a year you receive a Member Benefit Statement from the Fund. It gives up to date information on the benefits you can expect to receive from your Fund. The statement includes all contributions received and processed up to the date of the statement.

The benefits change from year to year as your salary and contributions change, and as the investment returns are added.

WHAT MUST I DO WITH MY STATEMENT?

Make sure your personal information on the statement is correct and inform your employer or Old Mutual at 2411 7800 immediately if there are any errors or changes.

Think about whether you are making enough provision for your future or speak to a financial adviser/intermediary if you are unsure.

As your retirement planning affects your family as well, discuss it with them. Should you die or be unable to make your own arrangements due to injury or ill-health, your family will at least know what to do.

Keep all your statements in a safe place.

VALUE-ADDS AND OTHER DETAILS

HOUSING SURETIES

Old Mutual Lihawu Fund will enable participating employers to offer a pension-backed loan facility to Members at their own discretion. Members of the Old Mutual Lihawu Fund can use their savings in the Funds as a guarantee or surety to obtain a home loan. No direct loans will be granted by Old Mutual Lihawu Fund.

This facility will be available through local Banks

In terms of the Pension Funds Act, the loan must be for the purposes of acquiring or improving a “dwelling” and may not exceed the limits agreed upon by the bank.

You may enquire from your employer whether a housing surety facility is available to you.

MANAGEMENT BOARD – LOOKING AFTER YOUR MONEY

A Management Board (also referred to as Trustees) oversees the operations of the Old Mutual Lihawu Fund. At least fifty percent of the Management Board members must be independent of Old Mutual.

The Management Board is responsible for the day-to-day management of the Fund.

They have to:

- manage the Fund in an efficient and transparent way;
- choose investment managers and investments;
- impartially distribute death benefits to beneficiaries;
- communicate regularly with members;
- respond to disputes and prevent conflicts of interest; and
- know and understand the Rules of the Fund and any laws that affect the Fund.

Please refer to the Old Mutual Lihawu Fund website for more information about the members of the Management Board at **www.oldmutual.co.sz/lihawufund under the tab "About" and select "Old Mutual Lihawu Fund Trustees"**.

One of the ways in which the Management Board fulfils its responsibility of communicating to you regularly is to send you a statement of your benefits each year. The next section looks at how this statement can help you keep a record of your retirement savings.

RESOLVING DISPUTES

WHAT IF I HAVE A COMPLAINT AGAINST THE FUND?

You may lodge a complaint, if you feel that:

- the Fund made a decision outside of its powers, or
- you were prejudiced as a result of poor fund administration, or
- there was a dispute of fact or the law, or
- your employer has not fulfilled its duty in terms of the Rules.

Send your complaint, in WRITING, together with as much information as possible to the Old Mutual or to your employer.

Old Mutual's postal address is:
Old Mutual Lihawu Fund
PO Box 95
Mbabane
H100

Alternatively, send the written complaint directly to the Management Board. The postal address of the Board is as follows:
The Principal Officer
Old Mutual Lihawu Fund
PO Box 95
Mbabane
H100

If you do not receive a response or if you are not satisfied with the response you receive, you can send your complaint to the Pension Funds Adjudicator:
The Retirement Fund Adjudicator
Financial Services Regulatory Authority (FSRA)
PO Box 3365
Mbabane
H100

Guidelines on how to lodge complaints with the Pension Funds Adjudicator, the necessary forms, and full contact details, are with the Adjudicator.

CONCILIATION AS AN OPTION TO DEALING WITH COMPLAINTS

The Pension Funds Adjudicator has introduced a conciliation process to reduce the backlog of complaints.

All complaints currently lodged with the Adjudicator may be considered for conciliation. The process is facilitated by independent conciliators appointed by the Pension Funds Adjudicator, and proceedings can be attended either in person or, in exceptional circumstances, telephonically.

If your complaint is referred to conciliation, you will receive a notice setting out the venue, date and time of your conciliation hearing, as well as the details of the conciliator involved. To ensure equity, neither party is allowed legal representation at a conciliation hearing.

If conciliation results in a settlement, the written agreement will have the same force and effect as a determination made by the Adjudicator. Should conciliation fail to resolve your complaint, the Adjudicator will investigate and rule on your complaint.

The conciliation guidelines are available from the Adjudicator.

This is covered by Part VIII of the Retirement Funds Act. Parties may opt to resolve the matter internally before lodging a complaint in terms of section 43 of the Act.

IN CLOSING

As a member of a retirement fund, you have many benefits as well as some responsibilities of your own.

Having read this booklet, you should now have a better understanding of the important points, which are:

- What your Fund offers you
- What your responsibilities are
- Who looks after your money
- What information you receive from the Fund
- How the Fund works
- What benefits are paid out in the case of:
  - Retirement
  - Withdrawal
  - Death
- What to do if you're unhappy with the Fund

SHARING THE INFORMATION

Please also share this information with your family, as they should know what to expect if something should happen to you.

The official Rules of the Fund, financial returns and the most recent actuarial report, are available from the Fund – please contact Old Mutual.

If you have any further questions, please contact your employer or, alternatively, the Old Mutual at 2411 7800.

WHAT THE JARGON MEANS

Some of the terms used in this booklet are seldom used in everyday life, so they may be difficult to understand.

Here are explanations of some of the terms to help you.

Member Account

The total of your savings in the Fund at a given point in time, consisting of:

- all contributions (including contributions by you or your employer and any transfers into the Fund)

plus

- any investment growth (or minus investment losses)

minus

- fees and charges.

Annual Salary

The salary you receive in a year, as per your employment contract with your employer.

Retirement Funding Income

This is the amount of your salary that your employer records with the Fund for the calculation of your contributions and benefits. Your annual retirement funding income will usually be equal to your annual salary, but sometimes this is not the case. For example, if you earn a basic salary of E2 000 per month and commissions equal to E6 000 in the year, then your annual salary will be the total of your basic salary plus the commissions, i.e. E30 000 ([E2 000 x 12] + E6 000), but your annual retirement funding income may only be equal to your basic salary (E24 000). All your contributions and benefits will be calculated using the annual retirement funding income amount. Note that, only for purposes of calculating the insured benefits, the maximum annual retirement funding income is E300 000.

Beneficiary

A person who is or becomes entitled to receive a benefit in terms of the Rules of the Fund and Retirement Funds Act.

There are two types of beneficiaries, those that are nominated by the member and those that are determined by the Trustees of a Fund to be dependents of the member (whether they have been nominated or not).

Dependent

A person who, in the opinion of the Trustees is factually or legally (totally or partially) dependent on the member for maintenance and support. This includes a member of the deceased member's family who inherits the liabilities and responsibilities of the deceased. The Trustees will be guided by the definition in the Retirement Funds Act and the Rules of the Fund.

A person may qualify as a dependent by virtue of a legal relationship (e.g. spouse or biological child) or due to an ongoing support commitment (e.g. step children, grandchildren and parents). Common or customary law spouses, spouses in terms of customary law and ex-spouses may all qualify as dependents.

CONTACT DETAILS

Telephone number	**2411 7800**
Fax number	**2404 5449**
Email	**lihawu@oldmutual.com**
Physical address	**Old Mutual Lihawu Umbrella Pension and Provident Funds** **4th Floor, Public Service Pensions Fund Building** **Mhlambanyatsi Road** **Mbabane**
Postal address	**PO Box 95** **Mbabane** **H100**
Servicing hours	**08:00 to 17:00, Monday to Friday**

Regulatory information:
Old Mutual Investment Group (Swaziland) Limited is a division of Old Mutual (Swaziland) Limited, 4th Floor, Public Service Pensions Fund Building, Mhlambanyatsi Road, Swaziland Registration no: 1683/2007. Old Mutual Investment Group (Swaziland) Limited is a Licensed Financial Services Provider authorised in terms of the Financial Services Authority Act, 2010, to furnish advice and render intermediary services with regard to long-term insurance and pension fund benefits, as well as providing intermediary services as a discretionary investment manager. Please note that this license does not cover the marketing of this product by persons other than Old Mutual and its staff.

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