University of South Africa Retirement Fund

UNIVERSITY OF SOUTH AFRICA RETIREMENT FUND

"YOUR RETIREMENT IS AN IMPORTANT MILESTONE IN YOUR LIFE."

RETIREMENT GUIDE

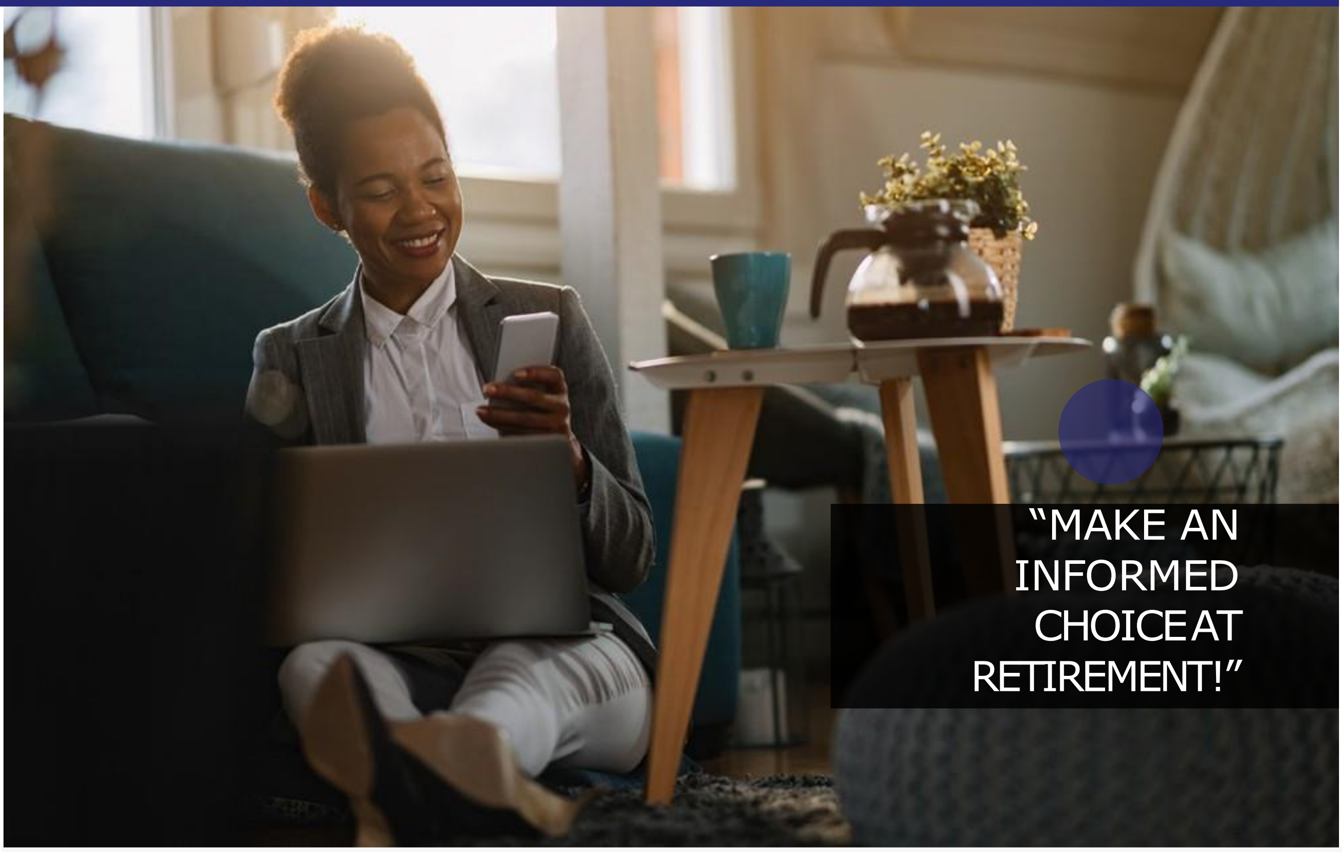
NOVEMBER 2025

University of South Africa Retirement Fund

DEAR MEMBER

Your retirement is an important milestone in your life. The purpose of this guide is to help you consider the options available to you and provide you with information on the two types of pensions offered by The University of South Africa Retirement Fund (the Fund), namely a life annuity and living annuity or any combination thereof, and the conditions, advantages and disadvantages of each option.

If you are retiring soon, please engage with the Fund's appointed Retirement Benefit Counsellors who will inform you of the total amount of your retirement benefit as well as the options you have available at retirement. You can also contact your HR Department, the Fund's Office of the Principal Officer or or the Administrator who will gladly assist you.



Legal disclaimers

Please note that:

- The information contained in this guide does not constitute advice by the Board, the Principal Officer, Deputy Principal Officer, Retirement Benefit Counsellor, or its advisors; and
- You should seek expert financial advice before deciding on your retirement options.
- The security and protection of your personal information is important to the Fund. For more details, please visit http://unisarf.co.za/unisarf/policies-and-rules

Introduction

Your retirement is one of the most important milestones of your life! The purpose of this guide is to assist you with making informed choices at retirement.

On receiving this information, the most important questions you probably have are:

1. Which retirement annuity option will suit my needs?
2. What amount of income can I expect to get monthly from my retirement savings?
3. What are my death benefits under each retirement option?

To help answer these questions we have developed this guide in the following steps:

Step 1
Assess your retirement needs

Step 2
What risks do you face in retirement?

Step 3
Key features of a pension

Step 4
Types of pensions and their features

Step 5
What income can I secure from that pension product?

Before we start

The Pension Funds Act requires the Board to provide members like yourself, who are retiring, with information on the pension options at retirement.

The Fund's Normal Retirement Age (NRA) is 65 (sixty-five) years. Upon attaining this age, a member is required to retire from the Fund. If a member's employment contract differs, then the employment contract will take preference. It is at this stage that you will be required to make a decision regarding your accumulated benefit in the Fund. This guide will assist you in understanding the options available to you.

Importantly, you may elect a retirement option that is best suited to your requirements, whether inside or outside the Fund. The Board of Trustees have provided retiring members with guidance regarding retirement choices; however, you are under no obligation to follow the guidance of the Board. The Fund will not activate your retirement claim without receipt of your completed and signed retirement option form.

When you reach the Normal Retirement Age (NRA) of 65 years, you become entitled to a benefit equal to your **Retirement pot** under the Two-Pot Retirement System. This Retirement Component consists of the total contributions allocated to the retirement pot (two-thirds of contributions), together with investment returns achieved, less administration-related expenses. In addition, any amounts transferred from other retirement funds into the retirement pot will also form part of this component. The **Savings pot** (one-third of contributions) remains accessible for limited withdrawals before retirement, but at NRA, any remaining balance in the savings pot will also be paid out to you.
If you are 55 years or older, you may choose to retire before the NRA (65 years). You will still be entitled to your Member Credit Account and have the same retirement options available to you.
The Fund also allows active membership beyond the NRA, subject to the agreement with your employer. Should you not want to receive any benefits upon reaching NRA, you can choose to defer your retirement in the Fund, an option discussed later in this guide.

Should you be a member who was younger than 55 years old on 1 March 2021, or a member that only joined the Fund after 1 March 2021, or a member that was subject to the two-pot retirement system, then the following applies for each component of your retirement savings:

<table>
<tr><th colspan="2">Vested pot:
“OLD” savings up to 31 Augus 2024 (can be further split into 2 components below)</th><th>Savings pot</th><th>Retirement pot:
NO TOUCHIN!</th></tr>
<tr><td>Vested Component (savings up to 1 March 2021)</td><td>Non-Vested Component (savings from 1 March 2021 until 31 August 2025)</td><td rowspan="2">You may access up to 100% of this portion in cash.</td><td rowspan="2">This money must be used to purchase an income providing annuity when you retire, unless the amount is less than R165,000, in which case you can take everything in cash.</td></tr>
<tr><td>You may access up to 100% of this portion in cash.</td><td>You may only access up to 1/3rd of this portion in cash and the balance will follow the “Retirement pot” on the far right to purchase an income providing annuity.</td></tr>
<tr><td colspan="3">Any cash taken will be taxed in line with the retirement tax table.</td><td>The annuity income that you receive will be taxed according to income tax tables, similar to how you were taxed when you were earning a salary from employment.</td></tr>
</table>

Note: If you were 55 years or older on 1 March 2021, were a member of the Fund before this date, and you did not opt into the Two-Pot Retirement System then the above table does not apply to your benefit and you will not have various different portions/ components/ pots. You may take up to 100% of your benefit in cash, subject to tax in line with the retirement tax table. Any amount not taken in cash must be utilised to purchase an income providing annuity.

Upon retiring, you have the following options:

1. **Become a deferred retirement member and receive your benefit at a later stage:**
Although you have retired from service, you have the choice of deferring the payment of your retirement benefit until such time you wish to or need to receive it in cash, and/ or as an income.

2. **Take the entire benefit in cash (subject to tax, Member's age on 1 March 2021 and whether Member participated in the Two Pot Retirement System):**

Members 55 years and older on 1 March 2021 and did not participate in the Two Pot Retirement System:
You may take between 0% and 100% of your retirement benefit in cash when you retire.

Members 55 years and older on 1 March 2021 who elected to participate in the Two Pot Retirement System:
When you retire you have the option to take the following as a cash lump sum:

- Between 0% and 100% of your Savings pot;
- Between 0% and 100% of your Vested pot; and
- If the total of your Retirement pot is less than R247 500, you may take your full Retirement Pot as a lump sum, otherwise the amount in the Retirement Pot must be utilised to purchase a pension.

Members of the Fund who were younger than 55 years on 1 March 2021:
At retirement you have the option to take the following as a cash lump sum:

- Between 0% and 100% of your Savings pot;
- Between 0% and 100% of the Vested Component within your Vested pot;
- If the total of your Retirement pot is less than R247 500, you may take your full Retirement Pot as a lump sum, otherwise the amount in the Retirement Pot must be utilised to purchase a pension.

3. **Use a portion or the entire amount to purchase an income providing annuity, either in the Fund or externally with a registered insurer:**

When you retire, you can buy an income providing annuity with part, or all of your retirement benefit. If you opted into the two-pot retirement system, you must buy an income providing annuity with 100% of your Retirement pot. You can also add amounts from your vested and savings pots to buy this income providing annuity. Your choice of an annuity may be in the form of:

- An in-fund life annuity *(refer to page 9 for more information on this annuity option)*; or
- An in-fund living annuity *(refer to page 11 for more information on this annuity option)*; or
- Another life annuity and/or a living annuity from an external provider suitable for your retirement objectives.

If you choose to defer your retirement (option 1 above), please ensure that you indicate this clearly on your Retirement Option Form. As a deferred retiree, you will remain invested in the same portfolio as at retirement, unless you complete a Switch Notification Form to invest your benefit differently. Upon exercising a retirement option (including deferring your retirement), no further contributions can be made to your benefit, and you will no longer be covered for death and disability benefits.

Tax Treatment of Cash Lump Sum at Retirement:

Any portion of your benefit that you choose to take in cash upon retirement will be taxed as follows:

Lump sum Amount	Rate of Taxation
R0 – R550,000	0% of taxable income
R550,001 – R770,000	18% of taxable income above R550,000
R770,001 – R1,155,000	R39,600 + 27% of taxable income above R770,000
R1,155,001 and above	R143,550 + 36% of taxable income above R1,155,000

Any retirement benefits previously received in cash from other retirement sources (e.g. paid-up RA policies, resignation withdrawals, retrenchment benefits) will be taken into consideration by SARS in calculating the tax on your retirement cash lump sums, including any reduction in the tax-free amount of R550 000 in the above table.

University of South Africa Retirement Fund

Step 1

What is the minimum income that you and your dependants will require to retain your basic standard of living during your retirement?

What is the minimum income that you and your dependants will require to retain your basic standard of living during your retirement?

Assess your retirement needs

As a general rule of thumb, you will need about 70% of your final salary as a pension to have a comfortable retirement. 70% should be sufficient as some of your expenses in retirement will reduce, (e.g. you may be spending less on transport). However, it must be remembered that other expenses, such as medical expenses, may well increase. It is therefore important that you consider your own personal circumstances when you determine the minimum income that you will require in retirement.

Your basic needs typically include the money you need for:

- Accommodation
- Food
- Clothes
- Transport
- Medical Expenses
- Communication.

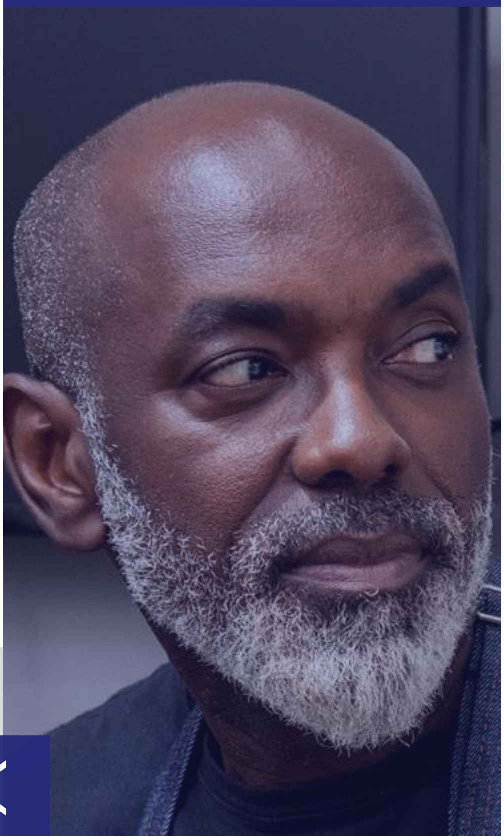
The sad reality is that only a few individuals retire with enough money to meet even their basic needs. Another reality is that very few people earn enough money during their working life to meet their wants, i.e. those things that one really would like to have, but which are not necessities.

ACTION:

To conclude step 1 in the retirement process, you will have to draw up a retirement budget with an aim to identify your basic needs and how much additional income you would like to have to fulfill your wants. These two amounts will form the basis of the balance of the assessment to assist you in determining the appropriate retirement investment for you.

Step 2

Now that you know how much income you require in retirement, it is time to consider what key risks you face in meeting those needs and how you can best manage or mitigate those risks.



What risks do you face in retirement?

The main aim of retirement planning is to minimise risks that could impact the sustainability of your income. When it comes to how you use your retirement savings, there are three main risks of which you should be aware:

- Investment risk
- Inflation risk
- Longevity risk – the risk of living longer than anticipated.

2.1 Investment risk

Investment risk refers to the chance that the investment return you earn on your retirement income generating capital is insufficient to provide a reasonable income throughout your retirement. It also refers to the risk that the returns earned on your capital results in the volatility of your retirement income, i.e. if your investment performs poorly it could result in a reduction in your income over time.

Investment risk depends largely on the asset classes (e.g. shares, bonds or cash) in which you invest your money as well as your investment horizon. It is therefore important that you invest your retirement money, or at least that portion which covers your basic needs, in such a way that volatility is reduced or eliminated.

2.2 Inflation risk

One of the biggest risks you can face in retirement is that your income does not keep up with inflation, and reduces its buying power.

It is very difficult to predict the future course of inflation but it remains important that you invest your retirement money, or at least that part that covers your basic needs, in such a way that your retirement income increases each year in line with inflation.

2.3 Longevity risk

This may seem like an unusual risk, but the longer you and your dependants live, the longer your pension must last. The following table shows, based on published actuarial life expectancy statistics, how long a South African single male and single female are expected to live if they retire at different ages:

	Life expectancy	
Retirement age	Male	Female
55	24 years	29 years
60	20 years	23 years
65	16 years	19 years

As advances in medical research and technology improve, your life expectancy may increase substantially, especially if you have access to good health care.

ACTION:

To conclude step 2 in the retirement process you need to decide, based on your personal circumstances, which of these risks you are willing to tolerate and which you will not. Rank the risks from most acceptable to no tolerance at all.

Step 3

Now that you have determined the monthly income you require at retirement, and you have information on the important risks that you will face, it is time to understand the key features of the types of retirement income providing annuities and the importance of each of these for you.

Key features of a pension

Choice

Some retirement income annuity options (or pensions) allow for you to choose the amount of income you want to receive annually. Expressed another way, choice means that you have the flexibility to change your pension annually according to your needs, but this comes with the responsibility to choose where your retirement money is invested, how much you should draw as a sustainable pension, and the risk that you might exercise poor choices.

Investment expertise

Some pension options require you to take on the responsibility for investing and managing your retirement capital. Even if you are still intellectually capable to make investment decisions at retirement, it is expected that as you age your intellectual capability and appetite may deteriorate. You need to consider whether you will be able to continue the management of your retirement investment in later years.

Security

One of the main objectives of a pension is to provide a sustainable income to you for the rest of your life in retirement. This objective can only be met if you can mitigate against the risk that your pension capital runs out. This is what we refer to as security! How certain are you that your current pension income will continue to be paid sustainably? Will investment performance affect it? Will the number of years you live affect it? This will depend on the type of pension that you choose.

Inheritability

Inheritability refers to whether your dependants will benefit from your pension when you die. Depending on the pension you choose at retirement, you will can choose to leave an income at death, or capital, or a combination of both. Will only the people who are financially dependent on you (e.g. your spouse) continue receiving a pension when you die? Who else, if anyone, is eligible for a benefit? Or will your dependents not be eligible for a benefit as there will be no lump sum available for distribution when you die? These are factors to consider when choosing a pension at retirement.

Costs

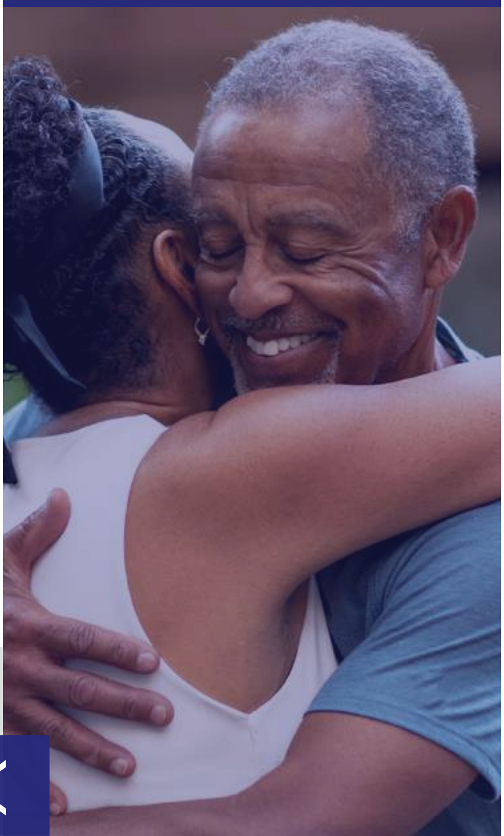
Different types of pensions have different cost structures. Higher costs are not necessarily bad, but you must receive commensurate value, benefits and services.

ACTION:

To conclude step 3 in the retirement process, rank the features of a pension that address your circumstances and preferences best by giving the most important feature a score of 10 and the least important features scores lower than 10.

Step 4

In this section we consider the specific pension options and their features offered by the Fund. The final step will be to match this with your preferred features above.



Types of pensions and their features

There are two types of pensions available from the Fund, namely an in-fund life annuity and an in-fund living annuity. There are other pensions available outside the Fund from registered insurers, which are not covered in this guide. Please speak to a financial advisor if you want more information about the pension options available outside the Fund in the broader insurance market.

In-fund life annuity

The life annuity offered by the Fund has the following features:

1. The pension income is guaranteed for the rest of your life, meaning that the money never runs out while you are still alive. The Fund aims to increase your pension by 50% of inflation, however such an increase is not guaranteed but subject to the Fund's affordability. In addition to the 50% of inflation increase target, the Fund also allows you to choose a life annuity that aims to deliver pension increases of 100% of inflation. To ensure that your income keeps track with inflation, the most appropriate option would be to purchase the 100% of inflation increase target. However, if you choose the greater increase target of 100% of inflation, your starting pension will be approximately 25% lower than if you chose the 50% of inflation target increase. This is because you will receive higher increases under a 100% of inflation increase option in future. If no increases can be afforded by the Fund, you will receive a nil increase in that year, but you will never receive negative increases (or decreases in your income). The Fund's investment strategy has been designed to minimise the chances of nil increases.

2. On your death as a pensioner, you can choose 0%, 50% or 75% of your pension to be paid to your surviving qualifying spouse or a qualifying major child for the rest of her/his life. A qualifying spouse is defined in the Rules of the Fund and includes someone married in terms of civil union, customary marriage, tenants of religion or a permanent life partner. A qualifying spouse must exist when you go on retirement and must be alive when you die to be eligible for a spousal benefit. A qualifying major child is a biological child, legally adopted child or stepchild, who is a major in terms of section 17 of the Children's Act 38 of 2005. A qualifying major child must exist (and be a major) when you go on retirement and must be alive when you die to be eligible for a child's benefit. If you have a spouse but decide not to purchase a spouse's pension option, then the Fund will require confirmation from your spouse that he or she is aware and in agreement with this selection.

3. You can elect a guaranteed period ranging between nil, 60, 120, 180 or 240 months. This means that in the event of you passing away during the guaranteed period your full pension will be paid to your surviving spouse or qualifying major child for the remainder of the guaranteed period. Only after the guaranteed period has expired will the reduced spouse's or child's pension elected commence (if at all). If you do not have a surviving spouse or qualifying major child, or if your spouse or qualifying major child dies within the guaranteed period, then the capital value of the balance of income payments in the guaranteed period will be distributed in terms of Section 37C of the Act.

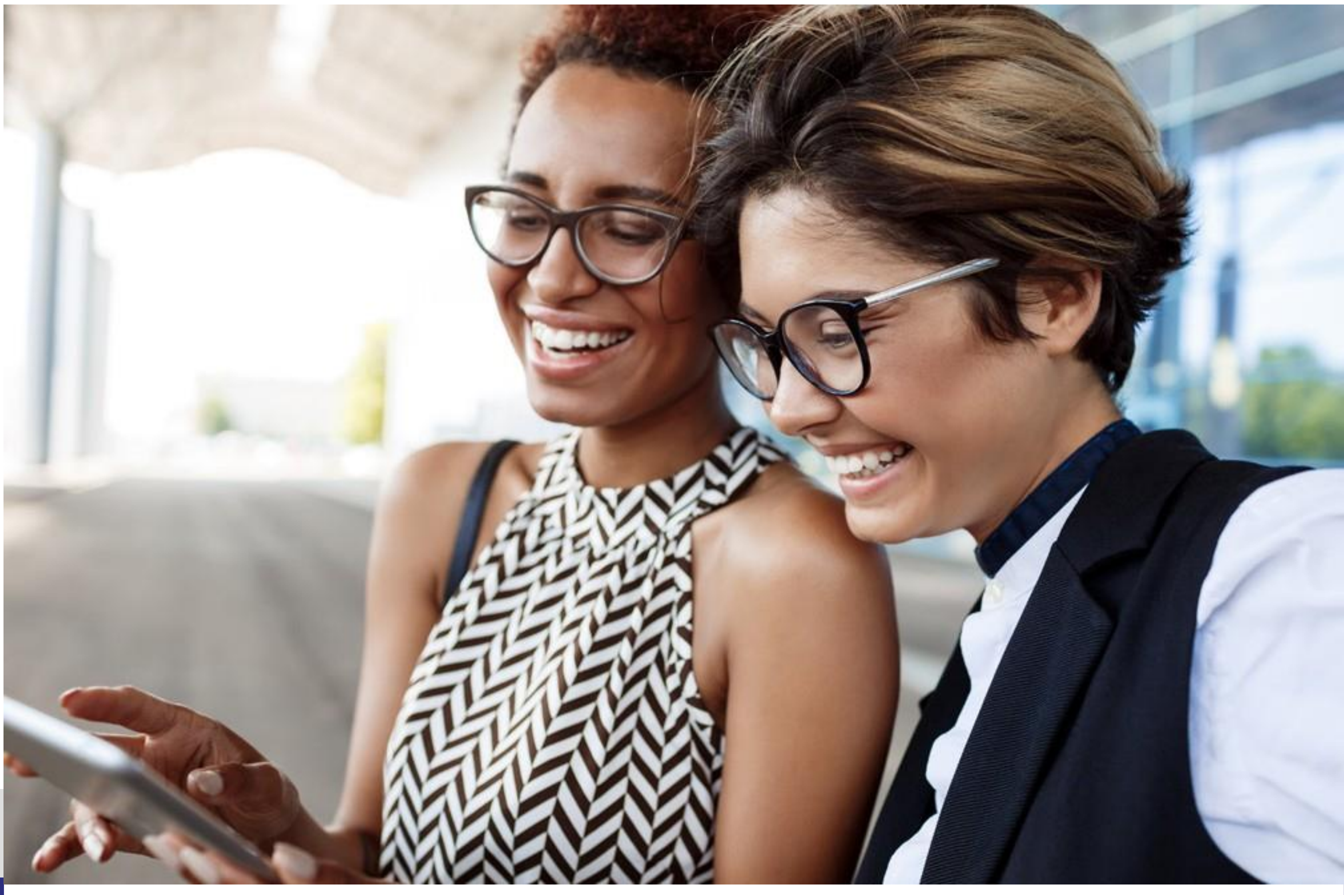
4. The main disadvantage of a life annuity is that if you die prematurely, you potentially won't utilise the full value of your retirement capital, and more so if both you and your spouse, or qualifying major child die soon after you retire.. The biggest advantage of a life annuity however is that you could receive more than your retirement capital if your life expectancy exceeds that anticipated by the actuarial longevity tables as your pension is guaranteed for both you and your spouse's or qualifying child's lifetimes (where elected).

5. The Board of the Fund manages the underlying assets in such a manner as to optimise the chances of ensuring a pension increase in line with your increase target selected. To this end, the Board has implemented a liability driven investment (LDI) which targets at least 60% of inflation increases. A liability driven investment is an investment strategy focused on gaining enough assets to cover all current and future liabilities (such as income payments, increases and death benefits due to life annuitants).

6. This type of pension has a relatively low-cost structure and all costs are already taken into account when the pension from the Fund is quoted.

7. In line with its pension increase policy, the Fund may hold a reserve or buffer in the pensioner section to smooth future pension increases and thereby reducing volatility for pensioners.

The history of pension increases granted over time is available on the Fund's website at http:// unisarf.co.za/unisarf/pensioners



In-fund living annuity

The living annuity offered by the Fund has the following features:

1. You must have a minimum capital value of R1.5 million to use for a pension from the Fund at retirement.
2. At retirement your money is invested in your Living Annuity Account.
3. YOU must decide how to invest your benefit. You should seek financial advice in this regard. Should you not make an investment decision, your money will be invested according to the default living annuity investment strategy.
4. Your Living Annuity Account is adjusted with the investment returns (positive or negative) you earn on your money.
5. You need to decide on the level of pension that you draw annually. As per the below table, if you secure your living annuity from the Fund, the Board limits the annual draw-down you may take, based on your age unless you can successfully prove to the Board why this limit should be relaxed. For example, if you have a reduced life expectancy, you could argue that you could afford to draw a higher percentage.

Retirement up to or between:		Maximum draw-down
Up to age 60		5.0%
61 – 65		6.0%
66 – 70		7.0%
71 – 75		8.0%
76 – 80		10.0%
81 – 85		12.0%
86 – 90		14.0%
91 and older		17.5%

The above limits increase the chances that you and your beneficiaries will receive a sustainable and lifelong pension, although this is not guaranteed. It is important to note that living annuities available from other service providers do not impose the age-related limits as per the table above, and in this regard the Fund is more restrictive. However, the Board believes that the responsible approach is to limit draw-downs to increase the chances that you do not run out of money.

If markets fall you will be allowed to retain your existing draw-down even if this exceeds the maximum percentage specified above.

REMEMBER:

Your Living Annuity Account can run out of money, and you may be left with a very little or no income in retirement.

If the living annuity account balance reduces below the specified limits, the living annuitant shall be required to apply the living annuity account balance to purchase a life annuity from a registered insurer.

This can typically happen if:

- The investment returns you earn are too low
- Your draw-down percentage is too high
- You and/or your spouse live longer than expected

The cost structure of a living annuity in the Fund is typically higher than that of a life annuity. This is due to a couple of factors, but the most notable being the investment fees being higher and more administration costs being incurred to ensure you can make annual elections of your investment and level of pension. However, the fees charged by the Fund should be substantially lower than that charged by external providers. In an external living annuity, you may also need to pay for the ongoing advice you receive from your financial advisor regarding your investment strategy and monthly drawings. The current fee structure of both pensions charged by the Fund is included at the end of this document and should be read in conjunction with the investment fund fact sheets which indicates the investment fees payable.

The Fund can generate a life annuity quotation and a living annuity quotation to help you with your decision – contact the Fund for assistance.

What if your health is poor?

An important consideration is you and your spouse's general health and life expectancy.

If your health is poor and your life expectancy is reduced, a living annuity may be a more suitable pension option. Life annuities are usually priced based on a normal life expectancy. The Fund, however, prices any life annuity on the assumption that you have a normal life expectancy in line with the actuarial tables used by the Fund's valuator.

It is important to note that people often underestimate how long they will live after retirement, particularly with improving medical techniques , research and access to high quality health care.

What if your basic needs are lower than the total pension you can purchase?

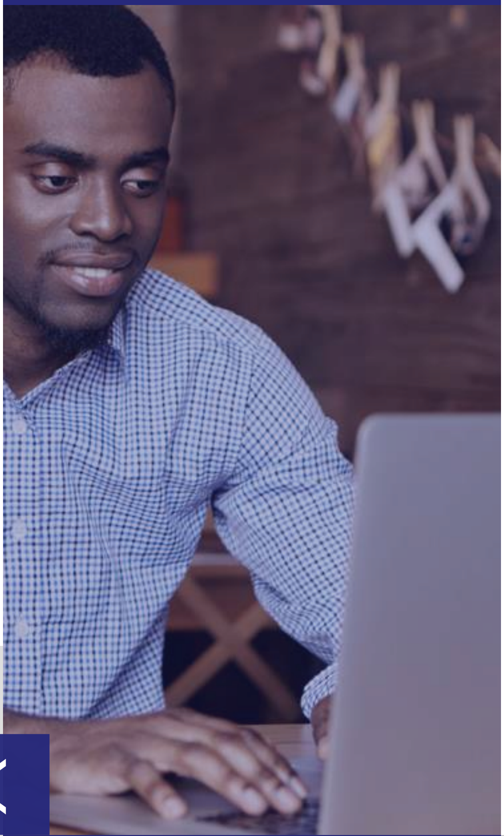
In this instance you may conclude that a life annuity is the best form of pension to meet your basic needs while a living annuity may be best suited towards meeting your luxury wants. This also provides for an inheritance for your independent children which is generally a luxury. Caution must be taken, however, not to underestimate your spouse's life expectancy as this could result in your living annuity being depleted and no money available for your luxury wants and/or to leave to your beneficiaries.

Rule of thumb

If you need to draw more than 7% of the capital you invest in a living annuity to provide for your basic needs then you should seriously reconsider whether a living annuity is appropriate for you. This rule does not apply if you know you are in ill health at your retirement as one could then argue that your life expectancy is reduced and you could therefore afford to draw a larger portion of your capital.

Step 5

The Fund can generate two quotations to provide you with an indication of the pensions you can receive should you invest in an in-fund life or living annuity.



What income can I secure with my retirement savings?

You can request the Fund to to prepare a retirement quotation by contacting the Fund's Retirement Benefit Counsellor (RBC), Ms Keabetswe Riet (kea@infund.co.za) or by sending an email to **unisaret.admin@alexforbes.com**. Should you wish to select a combination of the in-fund life and living annuity options, you must advise the RBC or administrator of the proportion between the two pensions you prefer. The RBC or administrator will be able to assist you with as many quotations as you may require ensuring that you make an informed decision at retirement.

What pension options do I have from the Fund?

The most important decision you need to make is whether to receive your pension as a life annuity or as a living annuity, or as a combination of both. The final step in the process is to decide whether to receive your pension from the Fund or from an external financial service provider.

The Fund only provides detailed information about the pension options it offers. If you are in any doubt about how you should progress with your selection, please obtain advice from an independent financial advisor.

The Fund offers you the option of a life annuity or a living annuity. You can also choose a split between both pension options, but this can only be done if the amount you are using to purchase your pension exceeds R1.5 million. Certain restrictions apply to these annuities which are explained in the next section. You also have the option of securing your pension outside the Fund. If you elect this option you will leave the Fund with your retirement money and you and your dependants will have no further claim against the Fund.

I. In-fund Life Annuity

All the features of a life annuity are included in this pension. The Fund's annuity strategy is a pension which provides for future pensions targeted at 50% of headline inflation (CPI) over the long term, with any increase being subject to affordability. You have an option to secure a pension from the Fund that targets future pension increases of 100% of CPI, but this means that your starting pension will be approximately 25% lower than if you opted a pension which targets increases of 50% of CPI. As the increases are not guaranteed, the approved increases could be higher or lower than the target as the increase will be based on the historic investment growth of the pensioner assets. This type of life annuity is referred to as a with-profit annuity as you can share in the investment profits made.

How the in-fund life annuity works

The Fund administrator calculates the monthly pension payable to you for the rest of your lifetime. This calculation takes into account the other options you have made, i.e. the future increase target, the guaranteed period and the level of spouse's pension payable to your surviving spouse.

Pension increase policy

The Fund's investment strategy for the pensioner assets in the Pensioner Account follows a liability driven investment (LDI) approach. About 80% of the assets are invested in fixed interest assets, which aims to provide for future pension increases of 60% of CPI. The remaining assets are invested offshore in shares and property.

The Board will have regard to the financial position of the Pensioner Account when deciding on the annual increase. Given that 80% of the assets are invested in fixed interest instruments aiming to provide future pension increases of 60% of inflation, the chances of the Pensioner Account having a shortfall and therefore not granting the targeted increases are quite low.

Thus, the LDI approach allows the Fund to provide more certainty that your annual pension increase will be in the range of 50% to 60% (or 90% to 100% if you elected this increase target) of CPI. If the 20% invested in offshore assets performs very poorly, the Board may grant a lower and possibly a nil increase to maintain the financial soundness of the Pensioner Account. On the other hand, if the 20% invested offshore performs well, the Fund may be able to afford a higher increase.

The other important factor impacting on pension increases is how long the pool of pensioners live for. When determining your pension, the Fund's valuator makes some assumptions about how long you may live. If, in aggregate, pensioners live shorter than the actuary has budgeted for, the Fund will make a profit. This profit will be passed onto the remaining pensioners via a higher pension increase. Of course, the opposite applies if pensioners live for longer than the actuary has budgeted for. The mortality profits or losses described above are likely to be small.

Protection of current pension

Once an increase has been granted that pension is guaranteed for your lifetime. This guarantee is subject to the following conditions:

- Inflation in South Africa is 0% or higher. In the unlikely event of South Africa entering a state of deflation your pension may be reduced; and

- As the Principal Employer in the Fund, UNISA will be responsible to ensure the Pensioner Account remains solvent. This means that if the Pensioner Account is in a deficit UNISA will pay money into the Fund to ensure the Pensioner Account is funded to provide for the current pensions without making provision for future increases to be paid. UNISA's obligation in this regard is set out in the Rules.

If you wish to receive an in-fund life annuity based on a with-profit pension from the Fund, you must fulfil the following conditions:

- If you are married at the time of your retirement, you must make provision for a pension to be paid to your current spouse on your death. If you wish, you can choose a 0% spouse's pension subject to your spouse providing confirmation of agreement to the Fund. If you marry or remarry after your retirement, no provision is made for a pension to your new spouse.

- You will not have the option to convert your in-fund life annuity into a living annuity at any time in the future.

Other with-profit service providers

Most Insurers such as Old Mutual, Sanlam, Momentum/Metropolitan Life, Liberty Life and JUST SA provide a with-profit pension that is similar in structure to that provided by the Fund.

The main differences between the insurance products and the in-fund life annuity are:

	Fund	Insurers
Investments	The Board of the Fund selects the investment managers that will manage the Pensioner Portfolio, and in doing so the Board has your best interests at heart.	The Insurer generally uses its in-house asset management team to manage the pensioner asset pool.
Costs	All the administration and investment costs are disclosed by the Fund. The Fund does not charge a guarantee fee which can be estimated to be between 0.75% and 1.5% p.a. This results in the Fund generally being able to provide higher increases than an external provider would be, based on the same investment structure.	The guarantee, investment and other expenses charged by insurers are generally higher than that of the Fund. Ensure full disclosure of all costs are obtained before entering into any agreements.
Commission	No commission is payable to any financial adviser by the Fund.	The Insurer will usually pay a commission to the broker who introduces the business.

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Retirement Fund

IMPORTANT NOTE

After careful consideration and subject to annual review, the Board has adopted in-fund life and living annuity as the Fund's annuity strategy. By implementing this strategy, the Fund does not guarantee that the in-fund pension will provide greater pension increases than a similar pension offered by an insurer. The Fund offers you the option of a simplified life annuity which is well-managed and has a transparent process at a reasonable cost, as an alternative to buying such a pension from an insurer.

2. In-fund Living Annuity

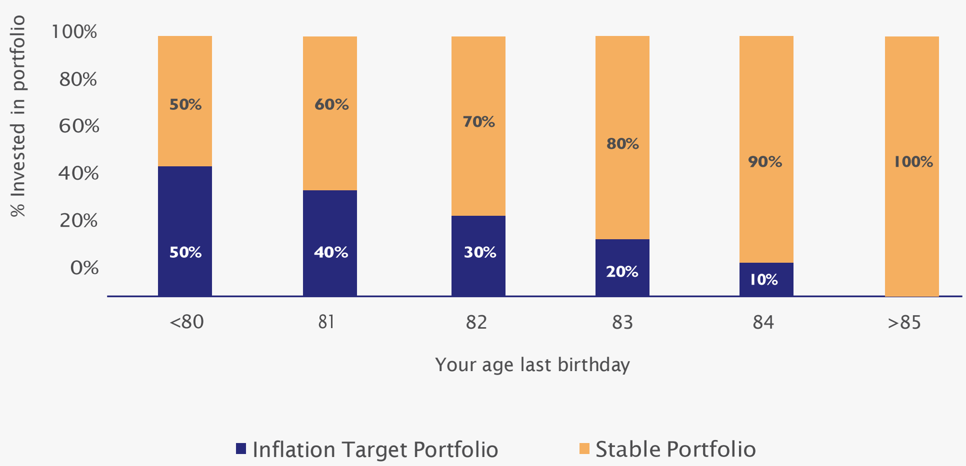
If you elect an in-fund living annuity a Living Annuity Capital Account will be maintained in your name which will be built up as follows:

- The initial amount of your retirement capital that you elect to invest as an in-fund living annuity; plus
- The investment return earned on the balance in your account after deducting investment management expenses; less
- The pension, also referred to as your draw-down, paid to you; less
- Administration expenses.

Flexibility available to in-fund living annuitants

You have the following flexibitliy:

- You may invest your retirement capital in one or more of the same investment channels offered to active members. The same conditions and limitations will apply to these portfolios as for active members. Please note that there is a default investment strategy for a living annuity and, should you not choose where your money is invested, the default investment strategy as set out below will be applied to your Living Annuity Capital Account.



University of South Africa
Retirement Fund

If you decide to follow an own choice investment strategy, you may make a separate selection for:

a. The investment channels in which your Living Annuity Account must be invested, and/or

b. The investment channels from which your future drawdowns must be disinvested.

You may revise your investment choice monthly subject to the payment of an administrative fee. You can also choose to opt in to (or out of) the default option if you wish.

- Annually, on the anniversary of your retirement, you will have to decide on the level of your pension. This will be subject to the draw-down limits set by the Fund and the Income Tax Act. The Fund via its Benefit Counsellors will be able to assist you in this exercise by providing you with information. Should you require financial advice on the matter you are urged to speak to a suitably qualified financial planner.

- A Retirement Option form is available at http://unisarf.co.za/unisarf/forms. You will also be sent this form 3 months prior to each anniversary date. Please contact the Principal Officer or Fund administrator if you don't receive your form timeously. If the Fund has not acknowledged receipt of your completed form by the 15th of the month preceding your anniversary date, your choices for the previous year will remain unchanged.

- In addition to reviewing your investment choice, you also need to update your Nomination of Beneficiary form. Should you and your spouse die without you having provided a completed form to the Fund, the balance in your Living Annuity Capital Account will be paid to your estate. Download the form at http://unisarf.co.za/unisarf/forms.

- The Rules of the Fund currently allows you to transfer your living annuity to an insurer at any time provided that you have not selected both an in-fund life and in-fund living annuity at retirement.

Conditions applicable to in-fund living annuities

If you elect to receive a living annuity from the Fund, the following conditions will apply:

You must have a minimum capital value of R1.5 million to use for a pension from the Fund at retirement. You can use this retirement capital to secure any combination of an in or out-fund life and living annuity. The Fund currently does not allow you to split your pension between the Fund and an insurer.

- If the value of your living annuity reduces to below R600 000, it will be converted to a life annuity.
- You and your spouse must sign an indemnity form confirming that you are aware of the risks associated with a living annuity.
- Your spouse will automatically be the first beneficiary of your in-fund living annuity, ensuring that he or she continues to receive the income after your death. If you do not have a spouse at the time of your death, and you have not submitted a completed beneficiary nomination form, the remaining balance in your account will be distributed in accordance with Section 37C of the Pension Funds Act.
- Upon the death of your spouse, subsequent to your own death, the balance in your Living Annuity Account will be distributed based on his/her Nomination of Beneficiary form. If there are no remaining dependants or nominated beneficiaries or if there is no Nomination of Beneficiary form, then the balance will be paid to your spouse's estate.
- If you are in receipt of only a living annuity from the Fund, the balance in your Living Annuity Account must exceed twice the capital required to purchase the State Old Age Pension* as determined by the actuary of the Fund. If your balance is less than this, you will be required to purchase a life annuity from an insurer. This limitation is imposed to ensure that you and your spouse do not become a burden on the State. However, the above condition does not apply if you also receive an in-fund life annuity.

**This currently amounts to approximately R2,180.*

Administration and switching fees

You will be liable for the administration fee that the Fund charges for a living annuity. These expenses will be paid out of your Living Annuity Capital Account. The costs are revised annually and can be found at the end of this document.

You can change your investment strategy monthly, but you may only change your pension percentage on the anniversary of your retirement. If you wish to change your investment strategy on a date that is not your anniversary, an additional switch fee will be charged.

Notes

- If you elect to receive an in-fund pension and get advice from a licensed financial advisor you will need to pay this advisor from your own pocket as the Fund does not pay commissions.
- The investment manager fees will be deducted directly from the investment return and the return credited to your Living Annuity Account will be net of all investment costs.

What is required from you as a Fund pensioner on an annual basis?

The administrator will advise you of your upcoming retirement anniversary date at least two months prior to such date. **The following documentation will be provided to you at that time:**

- Statement detailing your investment value and split of assets between the various portfolios.
- Fact sheets for the respective investment portfolios.
- Fee structure.
- Declaration to be signed by you and your spouse (if applicable) to confirm that you considered whether to obtain financial advice in relation to the current choices you are making.
- Option form to elect the draw-down amount and investment strategy applicable for the year ahead and to confirm your address and contact details.
- Nomination of Beneficiary form. If this is not revised, then you will have to sign that the current completed form remains in force. Specific attention should be paid to the nomination of your spouse(s). Upon your death, your spouse must nominate who should receive the lump sum benefit upon his/her death.
- You must ensure that all completed and signed documentation is returned to the Fund by no later than the end of the month before the anniversary date.
- The administrator confirms the implementation of the investment choice and draw-down with the first payment after the anniversary date.

University of South Africa Retirement Fund

Fund Information

Principal Officer

Ms Lavinia Khangala – tkhangl@unisa.ac.za or 012 429 9423

Deputy Principal Officer:

Mr Cedrick Pila – tpilamc@unisa.ac.za or 012 433 9441

Principal Officer's Assistant:

Ms Lutho Dondashe – tdondals@unisa.ac.za or 012 433 9474

For general queries, contact the Fund's Retirement Benefit Counsellors:

Mr Siya Maki – siya@infund.co.za or 021 915 3567

Ms Keabetswe Riet – kea@infund.co.za or 012 880 5982

info@infund.co.za or 021 915 3560

Benefit Consultant:

Mr Michael Eybers - michael@simekaconsult.co.za or 082 794 1935

Ms Zama Nkwanyana - zama@simekaconsult.co.za or 063 775 7078

Ms Hlobisile Thango - hlobisile@simekaconsult.co.za or 063 826 5676

For benefit values contact the Fund's administrator:

Unisaret.admin@alexforbes.com

Registered Address

7th Floor, OR Tambo Building, Preller Street, Muckleneuk, Pretoria Postal Address

P O Box 392, Unisa, 0003

Registration number - 12 / 8 / 31320