



Financial Services Board (FSB)
Registration no. 12/8/23051
and
South African Revenue Services
Registration no. 18/20/24968

**Member Booklet
2008**

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Section 1 Introduction

1. INTRODUCTION

WELCOME AS A MEMBER OF THE MINeworkers PROVIDENT FUND

“The majority of men meet with failure because of their lack of persistence in creating new plans to take the place of those which fail.”
– Napoleon Hill.

The Mineworkers Provident Fund (‘Fund’) was established on 14 June 1989 with the main objective of providing benefits for members on retirement and for dependants of members who die in service. The Fund has its own legal identity and is governed by the Pension Funds Act (‘Act’), 1956. The Fund is a defined contribution Fund. This means that the member’s retirement benefit is dependant on the contributions made and the investment growth thereon.

This document is your personal guide to the benefits provided by the Fund, and is issued for information as a short summary of the Rules that apply. Where this document is inconsistent with the provision of the Rules of the Fund, the Rules of the Fund will prevail. A copy of the official Rules is available from your Human Resources Department, through the Fund’s website (www.mineworkers.co.za) or Administrators of the Fund.

Use this document for reference purposes. **Show it to your family so they understand what your benefits are.**

If you need further information, please contact:

- Your member representative
- Your Human Resources Department
- Your Member Trustee
- The Administrators (Momentum ServiceAtWork).

Section 2 Management of the Fund

2. MANAGEMENT OF THE FUND?

The Board of Trustees manages the Fund in compliance with its Rules and legislation. The Fund is managed by the Board of ten Trustees. Five member Trustees are appointed by the National Union of Mineworkers (NUM) to represent members of the Fund and the balance appointed by the Chamber of Mines to represent members' interest on behalf of the participating Employers in the Fund. The Fund is a complete separate legal entity.

The Board of Trustees appoints a Chairman and the Chairmanship alternates between Member and Employer Trustees annually. The decisions in the Fund are made on a majority rule and the Chairman does not have a casting vote.

The Trustees meet at least four times a year to deal with the business of the Fund. Their main function is to act in the best interest of Members at all times and to make sure that the member's interests in the Fund are always protected.

Some of the Trustees responsibilities include the following:

- Safeguarding member's interests
- Formulating the investment policy and strategy of the Fund
- Ensuring effective administration of the Fund
- Distributing death benefits according to section 37C of the Act.

The retirement contributions are invested on behalf of Members by financial and investment managers on advice of the Fund's investment consultants (Fifth Quadrant) in line with the Investment Policy of the Fund. Members' accounts are credited with net contributions and net investment returns declared annually by the Trustees in consultation with the Actuary of the Fund. The historical returns are disclosed to members in the annual report or newsletters of the Fund.

The Trustees are accountable to Members of the Fund and other stakeholders. Make sure that your Member Trustee represents your needs and reports back to you.

Section 3 Meet the Trustees and the Fund's Advisors

3. MEET THE TRUSTEES OF THE FUND

Chairperson: Mr P Joko (Alternating annually)

Trustees:	<u>Employer</u>	<u>Member</u>
	Mr O Warschkuhl	Mr S Myeni
	Mrs N Erasmus	Mrs F Letlala
	Mr S Wall	Mr M Hibana
	Ms L Makwetla	Mr P Joko
	Mr B Kyriacou	Mr O Komane
	<u>Alternate Employer Trustee</u>	<u>Alternate Member Trustee</u>
	Mr D Phahlane	Mr N Madulini
	Mr M Brownie	Mr M Senene
	Mrs V Hanekom	Ms N Xhamlo
	Mr A Bardin	Mr M Nhlanhla
	Vacant	Mr L Mhlungu

Acting Principal Officer: Mr S Sidu

Actuary: Mr Dave Henderson (Alexander Forbes)

Administrators: Lekana Employee Benefit Solutions

Investment Consultants Fifth Quadrant

Bankers: First National Bank

Auditors: Ernst & Young

Group Life Insurers Metropolitan Employee Benefits

Funeral Insurers Momentum Employee Benefits

Trust Funds Mineworkers Trust Fund

Housing Loans TEBA, Standard Bank

MEMBERSHIP

All permanent Employees of participating Employers under the age of 60 for underground employees and 63 for surface employees are eligible to belong to the Fund.

Section 4 How much do you contribute?

4. RETIREMENT BENEFIT CONTRIBUTIONS

4.1 The total contribution payable by and on behalf of each member in the **Gold Mines**, who are subject to **Wage Agreements** concluded among **NUM, United Association of South Africa, Solidarity** and the **Chamber of Mines** is as follows:

- 14.50% of wages earned each month towards retirement, plus
- 7% of deemed monthly earnings less the cost of funeral benefits provide by a separate policy.

4.2 The total contribution payable by and on behalf of each member in the **Collieries**, who are subject to **Wage Agreements** concluded among **NUM, United Association of South Africa and the Chamber of Mines** is as follows:

- 15.50% of wages earned each month towards retirement, plus
- 6% of deemed monthly earnings less the cost of funeral benefits provide by a separate policy.

4.3 Contributions for members employed by **Anglo Coal, Eyesizwe Coal, Kangra Coal, Springlake Colliery or Xstrata Coal** in categories 3 to 8 is as follows:

- 15.50% of wages earned each month towards retirement, plus
- 6% of deemed monthly earnings less the cost of funeral benefits provide by a separate policy.

4.4 Contributions for members employed by **Delmas Coal** in categories 3 to 8 is as follows:

- 14.50% of wages earned each month towards retirement, plus
- 6% of deemed monthly earnings less the cost of funeral benefits provide by a separate policy.

4.5 Contributions for members employed by Ingwe Collieries in categories 3 to 8 is as follows:

- 16.50% of wages earned each month towards retirement, plus
- 6% of deemed monthly earnings less the cost of funeral benefits provide by a separate policy.

4.6 The total contributions by and in respect of all other members is as follows:

- 14% of wages earned each month towards retirement, plus
- 6% of deemed monthly earnings less the cost of funeral benefits provide by a separate policy.

Section 4 How much do you contribute?

Example

Paul is employed in the Gold Mines and is subjected to Wage Agreements concluded among NUM, United Association of South Africa, Solidarity and the Chamber of Mines. Paul earns R3 000 per month.

The Retirement contribution will be:

$R3\ 000 \times 14.5\% = R496$ per month (Invested monthly for as Paul's retirement benefit and includes Paul's contribution as shown on his salary advice)

The Risk benefits and Fund expenses contribution will be:

$R3\ 000 \times 7\% = R210$ per month

If Paul's basic wage increases to R3 500 per month, the retirement contributions will be R507.50 per month ($R3\ 500 \times 14.5\%$).

The Risk contributions will be R245 ($R3\ 500 \times 7\%$) per month towards the insured benefits and administration costs.

Example

Themba is employed in the Collieries and subjected to Wage Agreements concluded among NUM, United Association of South Africa and the Chamber of Mines. Themba earns R3 200 per month.

The Retirement contribution will be:

$R3\ 200 \times 15.5\% = R435$ per month (Invested monthly for as Themba's retirement benefit and includes Themba's contribution as shown on his salary advice)

The Risk benefits and Fund expenses contribution will be:

$R3\ 200 \times 6\% = R192$ per month

If Themba's basic wage increases to R3 700 per month, the retirement contributions will be R573.50 per month ($R3\ 700 \times 15.5\%$).

The Risk contributions will be R222 ($R3\ 700 \times 6\%$) per month towards the insured benefits and administration costs.

The above example also applies to members employed by Anglo Coal, Eyesizwe Coal, Kangra Coal, Springlake Colliery or Xstrata Coal in categories 3 to 8.

Section 4 How much do you contribute?

Example

Zodwa is employed by Delmas Coal in categories 3 to 8. Zodwa earns R3 500 per month.

The Retirement contribution will be:

$R3\ 100 \times 14.5\% = R449.50$ per month (Invested monthly for as Zodwa's retirement benefit and includes Zodwa's contribution as shown on her salary advice)

The Risk benefits and Fund expenses contribution will be:

$R3\ 100 \times 6\% = R186$ per month

If Zodwa's basic wage increases to R3 400 per month, the retirement contributions will be R493 per month ($R3\ 400 \times 14.5\%$).

The Risk contributions will be R204 ($R3\ 400 \times 6\%$) per month towards the insured benefits and administration costs.

Example

Thembi is employed by Ingwe Collieries in categories 3 to 8. Thembi earns R4 000 per month.

The Retirement contribution will be:

$R4\ 000 \times 16.5\% = R660$ per month (Invested monthly for as Thembi's retirement benefit and includes Thembi's contribution as shown on her salary advice)

The Risk benefits and Fund expenses contribution will be:

$R4\ 000 \times 6\% = R240$ per month

If Thembi's basic wage increases to R4 400 per month, the retirement contributions will be R726 per month ($R4\ 400 \times 16.5\%$).

The Risk contributions will be R264 ($R4\ 400 \times 6\%$) per month towards the insured benefits and administration costs.

Section 4 How much do you contribute?

Example

Anita is employed by other Employers who do not fall under the previous examples. Anita earns R4 200 per month.

The Retirement contribution will be:

$R4\ 200 \times 14\% = R588$ per month (Invested monthly for as Anita's retirement benefit and includes Anita's contribution as shown on her salary advice)

The Risk benefits and Fund expenses contribution will be:

$R4\ 200 \times 6\% = R252$ per month

If Anita's basic wage increases to R4 500 per month, the retirement contributions will be R630 per month ($R4\ 500 \times 14\%$).

The Risk contributions will be R270 ($R4\ 500 \times 6\%$) per month towards the insured benefits and administration costs.

WHAT HAPPENS WHEN YOU EXIT THE FUND BEFORE RETIREMENT AGE?

RESIGNATION OR DISMISSAL

Should you resign or be dismissed, you will have the option to receive a cash lump sum equal to your Fund Credit after a **six months waiting period**.

Your Fund Credit will be:

- The total retirement contributions;
- Total Voluntary Contributions;
- Total Transferred Portion; and
- Net investment return.

Documents required

- Withdrawal (Resignation, Dismissal & Retrenchment) claim form signed by the member and two Employer authorised signatories. The withdrawal form must be stamped by the mine;
- Banking details (copy of bank statement stamped by the bank);
- Certified copy of Identity Document.

RETRENCHMENT

The benefit payable on retrenchment is identical to the benefit payable on dismissal or resignation. The six months waiting period is waived on retrenchment.

You may elect to take the benefit in cash or transfer the **tax-free** benefit either to an approved Provident Fund, Retirement Annuity and Preservation Provident Fund. Transfers to approved Pension Fund and Pension Preservation Fund will attract tax.

WHEN CAN YOU RETIRE?

- Anytime between age 50 and 60 for underground members and 53 and 63 for surface members;
- Anytime if disabled due to accident or illness, if the Trustees are satisfied that you can no longer perform your duties or any other duties in the category of work in which you were employed for.

WHAT DO YOU RECEIVE ON RETIREMENT?

Your Fund Credit:

- The total retirement contributions;
- Total Voluntary Contributions;
- Total Transferred Portion; and
- Net investment return.

You can choose to convert part or the whole retirement benefit to a lump sum.

Documents required

- Withdrawal (Resignation, Dismissal & Retrenchment) claim form signed by the member and two Employer authorised signatories. The withdrawal form must be stamped by the mine;
- Banking details (copy of bank statement stamped by the bank);
- Certified copy of Identity Document.

INCOME TAX

No tax will be paid on the part of the retirement benefit used to purchase a Pension. Tax will only be paid on the monthly income when paid to the member by the insurer. **Members should always consult a financial planner before taking a retirement benefit.**

Section 5 WHAT HAPPENS WHEN YOU ARE DISABLED

5. WHAT HAPPENS IF YOU ARE DISABLED ?

If you satisfy the Trustees that:

- You are permanently unfit to continue in or resume employment in the category of work you have been employed in the service of the Employer; and
- You are permanently unfit to continue in or resume employment in any other category of work for which the Chamber minimum annual basic wages are greater than or equal to those for the category of work in which you have been so employed, You shall be entitled to your Fund Credit.

Your Fund Credit will be:

- The total retirement contributions;
- Total Voluntary Contributions;
- Total Transferred Portion; and
- Net investment return.

Documents required

- Withdrawal (Retirement, Disability & Terminally ill) claim form signed by the member and two Employer authorised signatories. The withdrawal form must be stamped by the mine;
- Banking details (copy of bank statement stamped by the bank);
- Certified copy of Identity Document.

5.1 Terminally Ill Health

If you satisfies the Trustees that:

- You are permanently unfit to continue in or resume employment in the category of work you have been employed in the service of the Employer; and
- You are permanently unfit to continue in or resume employment in any other category of work for which the Chamber minimum annual basic wages are greater than or equal to those for the category of work in which you have been so employed, **and you die within twelve months of your last working day**, The following benefits will be payable:
 - 3 x annual pensionable salary;
 - The total retirement contributions;
 - Total Voluntary Contributions;
 - Total Transferred Portion; and
 - Net investment return.

Section 5 **WHAT HAPPENS WHEN YOU ARE DISABLED**

Documents required

- Withdrawal (Retirement, Disability & Terminally ill) claim form signed by the member and two Employer authorised signatories. The withdrawal form must be stamped by the mine;
- Banking details (copy of bank statement stamped by the bank);
- Certified copy of Identity Document
- Payslip
- Medical certificate.

Section 6 What happens when you die?

6. WHAT HAPPENS WHEN YOU DIE?

If you die whilst a member of the Fund, a cash lump sum will be allocated to your dependants, in terms of Section 37(C) of the Pension Funds Act. The Trustees are responsible for the distribution of your funds to the beneficiaries and have the final say in the distribution. It is paramount for members to regularly update the nomination of beneficiaries' forms, used by the Trustees as a base for investigations and distributing your death benefit. The Trustees have up to twelve months to finalize the distribution of a death benefit.

The benefit will be as follows:

- 3 x basic annual salary
- The total retirement contributions;
- Total Voluntary Contributions;
- Total Transferred Portion; and
- Net investment return.

The following applies to the death benefit:

- Conversion option on withdrawal – If you leave the fund, you will have an option to convert the Group Life policy into an individual policy. This option must be exercised within 30 days of exiting the fund. The underwriter will require the member to undergo HIV/AIDS test;
- Cover to continue for twelve months from date of being declared terminally ill.

Example 1

Peter who is 35 years old earns a basic salary of R5 000 per month. He was ill and died. His wife and two children survive him. He had been in the Fund for 30 years. His total retirement contributions and interest amounts to R250 000.

The amount distributed to Peter's family is: -

- | | |
|---|-----------|
| • 3 x annual earnings
(3 x R5 000 x 12 months) | =R180 000 |
| Fund Credit | =R250 000 |
| Total Benefit Payable | =R430 000 |

The above benefit will be taxed as per the Income Tax Act of South Africa.

Section 6 What happens when you die?

Documents required

- Death claim form signed by two Employer authorised signatories and stamped by the mine;
- Deceased nomination of beneficiaries form;
- Original certified copy of death certificate;
- Original certified copy of death certificate from country of origin if not South African, eg Lesotho, Mozambique, Botswana, etc. Translation of the certified death certificate into English should also be obtained;
- Original certified copy of deceased 's identity document or passport;
- Original beneficiaries' bank statements with bank stamps;
- Original certified copy of marriage certificate and original certified copy of identity document or certified copy of passport of the spouse (For marriages registered at Home Affairs after the death of a member, A customary union letter signed by three of the deceased's family members before their Chief or Magistrate together with their certified identity documents copies or passport copies should be submitted);
- A letter signed by three relatives of the deceased in front of their Chief or Magistrate with certified copies of their identity documents or certified passports copies confirming that the member was never married and had no children;
- Beneficiaries' fully completed affidavit of dependency forms (MW16) signed and stamped by the Commissioner of Oaths listing all minor children must be submitted;
- Major children must complete their own affidavit of dependency, signed and stamped by the Commissioner of Oaths;
- All beneficiaries, including major children must submit an affidavit signed and stamped by the Commissioner of Oaths stating clearly the extent of their dependency on the deceased;
- Original certified copies of minor children (below 20 years)'s birth certificates, identity documents or passports must be submitted;
- Original certified copies of identity documents or passports of major children must be submitted;
- Guardian's original bank statement with bank stamp must be submitted;
- All major children still at school must submit a letter from school or the institution confirming that they are still at school;
- For children not using the deceased surname, a letter or affidavit from the deceased family confirming that the children belonged to the deceased must be submitted. The letter or affidavit must be signed by three of the family members in front of their Chief or Magistrate together with certified copies of their identity documents or passports (Alternatives are maintenance orders or unabridged birth certificates showing names of both parents);
- Proof of guardianship from a social worker's background report for minors not residing with their biological parents must be submitted. The report must be stamped by the social worker;
- Ex-spouse must submit an original certified copy of the divorce decree.

Section 6 What happens when you die?

6.1 FUNERAL BENEFIT

A funeral benefit is payable from the Fund in the event of death a Member, Spouse or Children. The benefit payable is as follows:

Members	R10 000
Spouse	R 5 000
Children (aged 14 to 21)	R 5 000
Children (aged 6 to 3)	R 1 500
Children (aged 1 to 5)	R 1 000
Children under 12 months	R 750
Still Born (From 28 weeks)	R 750

The funeral benefit is also payable when a member who exited the Fund through retirement dies. The amount payable is R10 000.

Section 7 Deferred Benefit

7. DEFERRED BENEFIT

The Rules of the Fund provides for members to defer their benefits until retirement age on resignation, dismissal and retrenchment. The following will apply to a deferred benefit:

- The minimum amount should be R10 000
- No further contributions will be permitted
- All benefits (Group life cover, ill health and funeral) ceases
- The differed benefits will continue to be credited with net investment returns.

Section 8 General Notes

8. General notes

- Withdrawals* If a member elects to take cash benefits on leaving the Fund, these benefits will be subject to tax in terms of the Income Tax Act. If a member elects to preserve his benefits, payment of tax can be deferred. Members are encouraged to seek professional advice from a properly accredited financial advisor, prior to the payment of a benefit from the Fund.
- Home Loans* The facility to offer members housing loan does exist in the Fund. Loans are offered in line with section 19(5) of the Pension Funds Act. The Act sets out conditions for the loans and the loans must be used for housing purposes only. Any abuse of the housing loan facility will attract severe consequences.
- Pension Backed Lending (PBL) loans application procedure changed with effect from 1 June 2007 because of the implementation of the National Credit Act (NCA). The NCA was signed into law on 15 March 2006 with an effective date of 1 June 2007. The aim of the NCA is to prohibit unfair credit practices, misleading credit marketing and reckless credit granting.
- Benefit statements* Each year members will receive a benefit statement telling them how much they have contributed, and what their withdrawal, death and disability and retirement benefits amount to at the date of the statement. Members must check their details carefully and refer any queries or errors to the Human Resources Department.
- Nomination of beneficiaries* It is important that members complete a new “**Nomination of Beneficiaries**” form each time their circumstances change, i.e. in the event of the birth of a child, divorce, marriage or change in any nominated beneficiaries. This form will assist the Trustees in their decision when distributing a deceased member’s benefit.
- Pension Funds Adjudicator* The office of the Pension Funds Adjudicator (PFA) was established on 1 January 1998, as an independent and unbiased ombudsman for the retirement fund industry.
- Members, former members, beneficiaries, former beneficiaries, Participating Employers, Board of Trustees, or any body with vested interest in the Fund can lodge a claim.
- This is a cost effective way of resolving Fund’s disputes compared to hiring of lawyers. The process that must be followed is that a complainant must first write to the Fund, if no response is received within 30 days or the complainant is not satisfied by the response, the complainant can then lodge a complaint with the adjudicator.
- For further information on the Provident Funds Adjudicator, please visit the FSB’s website www.fsb.co.za, the PFA’s website www.pfa.org.za or contact them directly using the address in Section 8 of this report.

Section 8 Contact Details

8. Contact details

Contacts in case of queries are as follows:

Fund's Consultants	Ms Portia Mashigo Momentum ServiceAtWork 33 Park Terrace Cnr Princess of Wales and Carse O Gowrie Road Parktown, 2193 Tel: (011) 491 6000 Fax: (011) 491 6174 Email: portiam@lekana.co.za
Fund's Administrator	Mr Romeo Msipha Lekana Employees Benefit Solutions 2nd Floor Life Centre Building 45 Commissioner Street Johannesburg Tel: (011) 491 6000 Fax: (011) 491 6174 Email: romeom@lekana.co.za
Acting Principal Officer	Mr Sipho Sidu Lekana Employees Benefit Solutions 2nd Floor Life Centre Building 45 Commissioner Street Johannesburg Tel: (011) 491 6000 Fax: (011) 491 6174 Email: sandilem@lekana.co.za
Pension Funds Adjudicator	Ms Mamodupi Mohlala Pension Funds Adjudicator PO Box 23005 Claremont 7735 Tel: (021) 674 0209 Fax: (021) 674 0185 Email: enquiries@pfa.co.za

Communication with you, the members, remains the Trustees' biggest priority. The Trustees would like to urge members to inform them or Human Resources, of any recommendations and/or problems, which they may have relating to the Mineworkers Provident Fund.