

# NEWSFLASH

May 2022

## ANNUAL REVIEW OF INSURED BENEFITS

The Board of Trustees is committed to making sure that the insured benefits to which you have access, add maximum value to your life without being too expensive. To ensure this, the Board undertakes regular reviews of your Fund benefits and makes changes where they feel these are in your best interest.

The Fund has seen an increase in the number of funeral and death claims as Fund members and their loved ones succumbed to Covid-19. As such, the risk benefit insurers have increased their risk benefit rates for the funeral and lump sum death benefits.

The Fund's consultant carried out a market review in respect of the Fund's insured risk benefits. The Board of Trustees considered the various quotes received as well as the benefit structure and established that the benefits as shown below were still the best that were available in the market at these premium rates. The Trustees will continue to regularly review the rates and benefit structure to ensure that members continue to enjoy quality benefits at market related premiums.

The risk benefit details are available on the Fund's website and a brief overview is provided below.



### Disability Income Benefit - no increase

This benefit was redesigned with effect from 1 August 2019 in an effort to prevent unaffordable increases in the premium rate. This was the right decision as the rate of 1.837% of pensionable salary will remain unchanged for a third year in a row. The current rate remains unchanged from 1 July 2022 to 30 June 2023. The maximum permissible monthly benefit has also remained unchanged at R220 000pm.

The market review which was carried out confirmed that the current premium rate is still the best rate in the market for this benefit.



### Voluntary Critical Illness Benefit - no increase

All members were given a once-off option of electing this benefit in February 2018 when three options, with their corresponding levels of cover were provided. New members from this date may choose to take up this benefit within 3 months of becoming a member of the Fund. The rates remained unchanged in 2019, 2020 and 2021. The Board is again pleased to announce that the rates for all 3 options remain unchanged from 1 July 2022 to 30 June 2023.



### Funeral Cover - adjusted rates, continued value for money

The insurer, Sanlam, reviews these rates every year. For the first time since inception of the benefit, the rates increased last year, primarily as a result of Covid-19. The increased number of Covid-19 funeral claims since July 2021 has again necessitated an adjustment in these rates from 1 July 2022. In addition, a market review was undertaken that confirmed that Sanlam's new rates are the best that can be achieved for our members.

To contain the increase in the premium rate, the Board of Trustees has decided to remove the paid-up benefit option from the Funeral Benefit policy with effect from 1 July 2022. This means that new paid-up funeral benefits will not be available to the families of Fund members who die or become disabled from 1 July 2022. Existing paid-up policies will continue to be honoured by the insurer.

The rates from 1 July 2022 to 30 June 2023 are as follows:

Funeral Cover			
Rate per member per month effective 1 July 2022			
	Option 1 - R30 000	Option 2 - R40 000	Option 3 - R55 000
Funeral cover premium	R53.22	R70.90	R97.48



### Death Benefits - adjusted rates, continued value for money

The new, flexible age banded benefit structure was implemented on 1 August 2017. The rates remained unchanged in 2018, reduced by 5% in 2019 and remained unchanged in 2020. The early impact of Covid-19 necessitated an adjustment of the rates in 2021. The insurer, Momentum, has adjusted these rates again with effect from 1 July 2022 due to the increased number of Covid-19 death claims during the year under review. A market review was also undertaken and these revised rates are still the best rates that can be achieved for our members.

The rates are expressed as cents per R1000 insured amount per age band. The rates from 1 July 2022 to 30 June 2023 are as follows:

Age bands	Unit rate from 1 July 2022
Younger than 30	24.00
30 - 39	36.00
40 - 49	68.00
50 - 54	110.00
55 - 64	185.00
65 - 69	362.00
70 - 75	530.00

#### Death benefits example:

- A member is 29 years old and earns an annual pensionable salary of R400 000.
- The member chooses life cover of 2 X their annual pensionable salary = R800 000 cover.

**Calculation:** R800 000 x 24.00 (unit rate) / 1000 = R192.00pm premium to be deducted from the employer's portion of the contribution towards the Fund.

For this member, the premium equates to a rate of 0.576% of their annual pensionable salary.

#### Trustees

Mr DL Carstens (Chairperson) | Mrs M Van Zyl (Deputy Chairperson) | Adv CJ Franken | Mr J Lawack | Mr J Jacobs | Mr WR Meiring  
Mr S Philander | Mr JAH van den Berg  
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