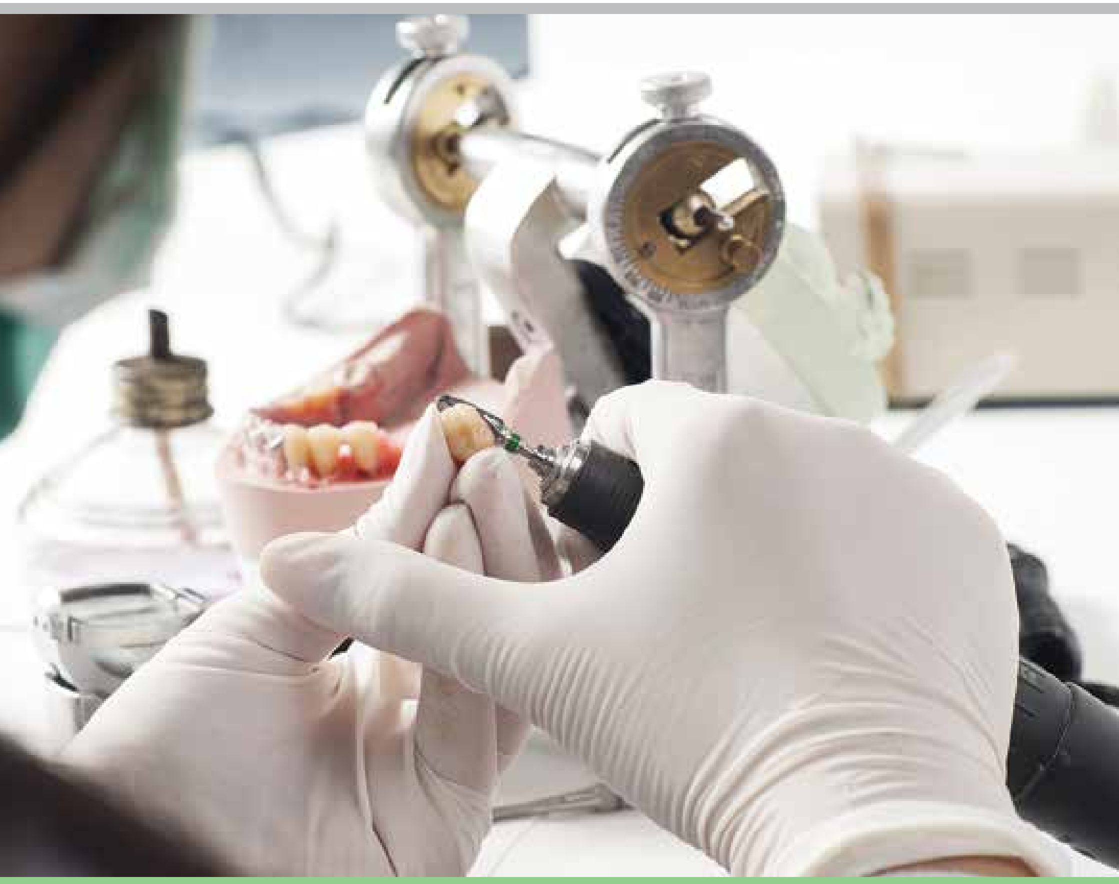
Your guide to the South African Dental Technician Employees Umbrella Fund



This member booklet tells you how your fund works and what benefits you get as a member.

Contents

Think about this:

- South Africans retire earlier and live longer than in the past.
- Many South Africans can't afford to retire.
- You will need a very large amount of money when you retire to keep your standard of living and to enjoy the things you've been looking forward to.
- In South Africa, a government pension probably won't give you enough money to live comfortably.

BENEFITS OF THE FUND

Your retirement fund contributions get favourable tax treatment
Favourable tax treatment is the government's way to encourage South Africans to save for their retirement and be financially independent in their old age.

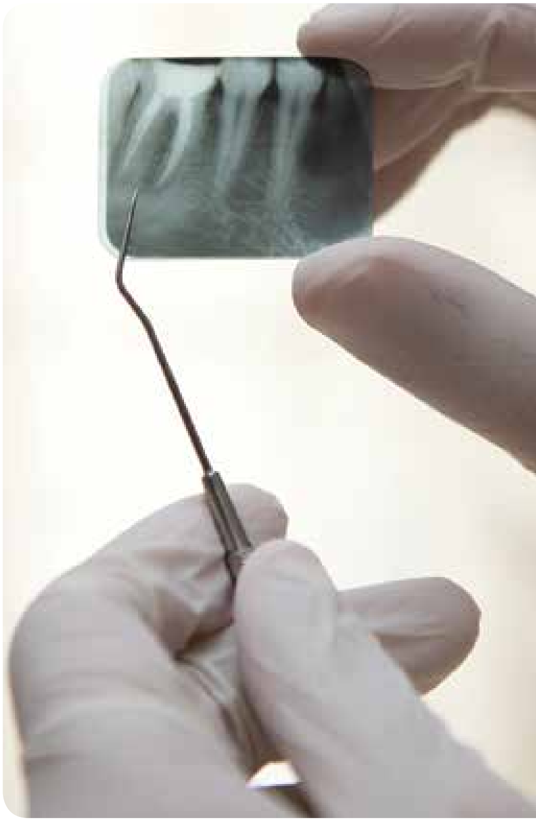
You save more money
The costs of running a retirement fund are less than that of similar schemes on your own, so more of your money is invested in your retirement savings.

Retirement funds are managed by trustees
The trustees must manage the fund in the best interests of its members. They must also get advice from experts, so the fund's money is always in good hands.

You won't miss your money
When you get your salary in your bank account, your retirement fund contributions have already been taken off. It's much easier to save if you don't even see the money coming in and out of your account.

It's a long-term plan
A retirement fund is a long-term savings plan. Savings plans that stretch over five years or more grow better and faster than plans that last for only one or two years. This is because you earn more interest on interest over a longer period.

The South African Dental Technician Employees Fund was established to help give you a regular and reliable income when you retire, but it does much more than this. Certain benefits of the fund help you and your family if you get too sick to work or if you die.



HOW THE FUND WORKS

You have to be a member
Membership of the fund is compulsory for all full time permanent employed dental technicians under the age of 65 years, in terms of the Income Tax Act 1956 (Act 24 of 1956) and the Dental Technicians (Act 19 of 1979). (Person employed as a locum tenens or part-time employee shall not be eligible for membership of the fund.)

Your fund is a pension fund
As a member of a pension fund, when you retire, you can take up to one-third of your fund credit as cash. You must use the other two-thirds to buy a pension from a registered insurer. Always remember that if you take cash you will pay tax. Speak to a financial adviser and look at all of your options when you leave the fund to make sure you make the best decision for your future.

Your contributions
You contribute 7% of your pensionable salary to the fund each month.

Your employer's contributions
Your employer contributes 7% of your pensionable salary to the fund every month.

Allocation of contributions
From the employer and employee contributions amounts are deducted to pay for the insured death and disability benefits, as well as the fund's expenses. The rest of the money goes towards your retirement savings.

Additional voluntary contributions
The fund gives you the option to make extra contributions over and above your normal contributions. This way you will get more out at retirement. If you would like to make additional voluntary contributions, please speak to your board of trustees.

DEFINITIONS
Fund: The South African Dental Technician Employees Umbrella Fund
Fund credit: The total amount of your share of the fund's assets. Your fund credit is made up of your contributions, plus any investment returns earned on those contributions, plus any amount you transferred into the fund from a previous fund.
Pensionable salary: The salary or wages used to calculate your benefits.
Member: A person employed by an employer participating in The South African Dental Technician Employees Umbrella Fund
Trustee: A person responsible for managing the business of your fund. The board of trustees is made up of an equal number of company-appointed and member-elected trustees.

WHAT YOU'LL GET WHEN YOU RETIRE

Retiring from a pension fund
When you retire at your normal retirement age of 65, you can choose to buy a pension from a registered insurer. If you buy a pension with your fund credit, you won't pay lump sum tax. The insurer you buy the pension from will pay you a monthly income for your retirement years, depending on the type of pension you choose. Your monthly pension income will be taxed in the same way your salary was.

You can choose to take up to one-third of your fund credit as a cash lump sum but you must use at least two-thirds of your money to buy a pension. If you take any of your fund credit as cash, you'll pay tax.

Your fund credit is the total of:

- All your contributions
- All the company's contributions towards your retirement benefit
- Any amounts transferred into the fund from a previous fund
- Any investment returns earned on these amounts.

DEFINITIONS
Normal retirement date: This is the first day of the month after your 65th birthday, the age you would normally retire.

You can retire early
You can, with your employer's permission, retire from age 55. If you decide to take early retirement, you must give the company written notice of your decision. Your early retirement benefit is calculated the same way the normal retirement benefit is calculated, but you'll have less money saved than if you retire on your normal retirement date, because your money will have less time to grow. You must make sure you have saved enough money before you decide to retire early.

You can retire early if you are too sick to work
If you become too sick to carry on working, but you don't qualify for a disability benefit, the employer might allow you to retire early because of ill-health. You will get your fund credit the same way you would get it under normal retirement age.

Invest your money wisely
Once your fund credit has been paid to you as cash or to an insurer for a pension, you won't get any more benefits from the fund. This is why it's so important for you to invest your fund credit wisely. Speak to a financial adviser if you need help investing your fund credit.

You can retire late
You can, with your employer's permission, work after your normal retirement date, but no later than age 70. The employer will still contribute to the fund on your behalf. Late retirement works the same as normal retirement, except that you will have more money when you retire because you would have saved for longer.

TAX
This table tells you how much tax you will have to pay on a lump sum retirement or death benefit:

Taxable amount	Rate of tax
R0 – R315 000	0%
R315 001 – R630 000	18%
R630 001 – R945 000	27%
R945 001 +	36%

You'll get a total tax-free amount of R315 000 over your lifetime. This includes all amounts you take as cash from any retirement fund you leave when you change jobs and eventually when you retire.

WHAT YOU'LL GET IF YOU LEAVE THE FUND BEFORE YOU RETIRE

If you resign or are retrenched or dismissed, you will get your full fund credit. If you take this as cash you will have to pay tax. You can avoid paying tax by preserving your money in a preservation fund, retirement annuity fund or your new employer's fund.

Alexander Forbes research has shown that only about 9% of retirement funds members in South Africa retire with enough money. This is mainly because members do not preserve their retirement fund benefits when they change jobs.

You can transfer your money to a preservation fund
A preservation fund is designed to keep your retirement savings until you retire.

Advantages	Disadvantages
• You save your retirement savings for your retirement. • You can take one cash withdrawal if you ever need emergency money. • You won't pay tax when you transfer to the preser vation fund. • You might have investment choice and be able to switch portfolios. • You can transfer your retirement savings to a future employer's fund	• You can't pay any extra contributions into the preservation fund. • You will lower your retirement savings if you take an emergen-cy withdrawal.

You can transfer your money to a retirement annuity fund
A retirement annuity fund is designed to keep your retirement savings when you change jobs to help you save as much as you can for your retirement years.

You can only take up to one-third of your retirement savings as cash when you retire. You have to use the rest to buy a pension.

Advantages	Disadvantages
• You keep your retirement savings until retirement. • The transfer is tax-free. • You can make extra contributions. • You can 'retire' from a retirement annuity fund from age 55.	• You can't withdraw any money until retirement.

You can transfer your money to your new employer's retirement fund

Advantages	Disadvantages
• You keep your retirement savings until retirement. • The transfer is tax-free (except if you transfer from a pension fund to a provident fund).	• You might not have investment choice. • If you transfer from a pension fund to a provident fund, you will pay tax.

You can take cash
The trustees don't recommend this option. You must always keep your retirement savings for its real purpose – to provide you with a retirement benefit.

TAX
If you take cash from your retirement fund, the amount of tax you'll pay depends on the amount you take:

Taxable amount	Rate of tax
R0 – R22 500	0%
R22 501 – R600 000	18%
R600 001 – R900 000	27%
R900 001 +	36%

REMEMBER! The R22 500 is calculated over your lifetime. As of 1 March 2009, every time you take cash, it's added to your total and pushes you higher up on the tax scale, so you'll have to pay more tax if you take cash when you retire.

*For **qualifying retrenchments**, you won't have to pay tax on the first R315 000. You will be taxed at 18% from R315 001 to R630 000. Then the same rates for retirement apply.*

Important! Withdrawal and retirement tax-free amounts are combined over the years. This means the more withdrawal benefits you take in cash, the less you will get tax-free when you retire.

The fund helps you if you become disabled
What would you do if you could never work again? How would your family cope? The South African Dental Technician Employees Umbrella Fund protects you and your family with a disability arrangement. A separate disability arrangement is available for members.

You would be considered disabled as a result of sickness or an accident if you can't carry on with your job or another similar job that you have been trained for or have experience in.

If your disability claim is accepted by the insurance company, you will get a monthly disability income benefit equal to 75% of your monthly pensionable salary subject to a maximum of R125 000 a month. You'll also get a waiver of employer premiums of 7% of monthly pensionable salary subject to a maximum of R28 000 per month. This disability benefit may be subject to medical check-ups the insurer might need. Check with your employer to see if you need to go for a medical check-up or blood tests.

You will stay a member of the fund and both you and the employer will carry on contributing to the fund, which means you will still be eligible for withdrawal, retirement and death benefits.

Important notes

- This disability benefit may change in the future, depending on the cost of the benefit.
- You will only get the disability benefit once the insurance company accepts your claim.
- Payment will begin 3 months after you first become disabled.
- You will have to give the insurance company proof of disability at least every 12 months. If you don't give them enough proof, or the insurer finds that you can go back to work after two years (including the 3 month waiting period), they will reduce or stop the benefit.
- There are limits on the maximum disability benefit.
- There are situations when you will not be covered for disability – you can get a copy of this from your board of management.

TAX
Your monthly disability income benefit will be taxed in the same way your monthly salary is taxed.

Your family will get a benefit if you die
A portion of the company's contribution to your retirement fund is used to help your dependants and loved ones financially if you die while you are working for the company.

Death before retirement age
If you die before you retire and while you're still working for your employer, and if the insurer accepts your death claim, your dependants will get a lump sum death benefit equal to:

- Your fund credit

PLUS

- Three times your annual pensionable salary.

This death benefit is an insured benefit and payment depends on medical examinations. The insurer might ask you for a medical check-up if your death benefit cover is higher than the limit set by the insurer. If this is the case, the fund will let you know in writing.

TAX
The death benefit will be taxed the same way your retirement benefit is taxed. See page 6 for details.

Death after retirement age
If you die after your retirement age, while still working for the company, your dependants will get a lump sum benefit equal to your fund credit.

The trustees distribute the death benefit according to the law
The trustees of your retirement fund have to decide who qualifies for the death benefit. They also have to decide what percentage of the benefit each person will get. This is a legal requirement.

Trustees must investigate anyone claiming to be, or qualifying as, your dependants or beneficiaries. They must also take all reasonable steps to identify, trace and contact all your dependants and nominated beneficiaries. The trustees then divide the total amount among all your dependants and beneficiaries. This process can take up to 12 months to complete.

Always keep your nomination of beneficiaries form up to date
If you haven't completed a nomination of beneficiaries form, it will be difficult for trustees to trace your family members. The procedure will become complicated which will cause a delay in the final benefit payment.

You must update your nomination of beneficiaries form each time your circumstances change, either through divorce, marriage or the birth of a child.

The nomination of beneficiaries form is a guide for the trustees. The trustees don't have to follow this form when they distribute the death benefit. It only shows them who you would like to receive some or all of your death benefit. The final decision is up to the trustees.

If you have a beneficiary or dependant you don't want to receive a portion of your death benefit, you need to name them on your nomination of beneficiaries form as receiving 0% with a valid reason for your decision.

You can get these forms from your employer.

Your Will can't tell the trustees who gets the benefit
The law says your Will and nomination of beneficiaries form can't dictate how the trustees distribute your death benefit. If you state in your nomination of beneficiaries form that you'd like part of your death benefit to go to a particular person, the trustees can override your wishes and distribute your death benefit in a way that they feel is fair considering each situation individually. This allows them to take into account any changes in your circumstances since you last completed a nomination form.

DEFINITIONS
Nominated beneficiaries: These are the dependants and people or organisations that you nominate to receive a portion of your death benefit on your nomination of beneficiaries form.
Dependants: These are the people you are legally or financially responsible for looking after, such as your spouse or life partner, children and maybe elderly parents.
Beneficiaries: These are the people who actually get a portion of the death benefit.

THE FUND'S INVESTMENTS

The trustees of the fund are responsible for deciding how the fund's assets are to be invested. They have a duty to set an investment strategy and then regularly monitor the performance of the fund's assets in relation to the objectives set.

How is your fund credit invested?
Your fund credit is by default invested in a balanced portfolio consisting of the Investec Domestic Balanced Fund, the Momentum Enhanced Factor 6 Product, the Momentum Enhanced Factor 5 Product and the Old Mutual Guaranteed Fund.

Every year the trustees review the investment strategy of the fund, to ensure that members' fund credits are invested in the most optimal portfolios, when taking into account risk and return objectives. If the trustees decide to change the investment strategy, after consulting their investment advisers, this will be communicated to you.

THE RULES

Every retirement fund must, by law, be run according to a set of rules registered by the Registrar of Pension Funds and the Financial Services Board and approved by the South Africa Revenue Services.

If there is any difference between this guide and the rules, the rules will apply. If there is a dispute, the dispute resolution mechanism detailed in the rules of the fund will apply.

If you want to see a copy of the rules, the financial statements or the most recent financial review, they are all available at the fund's registered office:

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Postal address
PO Box 787 240
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Fund's name: The South African Dental Technician Employees Umbrella Fund

Reference number: 12/8/17835/1

COMPLAINTS
The office of the Pension Funds Adjudicator exists to hear and adjudicate retirement fund members' complaints

The adjudicator deals with complaints about fund administration, asset investment or fund rule interpretation and application.

If you have a problem with the fund, complain in writing to either the fund or your employer. The fund or your employer must reply to you within 30 days. If the fund or your employer doesn't reply, or if you are not satisfied with the reply, then you can complain to the adjudicator.

After hearing both parties' cases (either in writing or in a hearing), the adjudicator will make a ruling.

You can find contact details for the office of the Pension Funds Adjudicator on **www.pfa.org.za.**

QUESTIONS
It's very important for you to understand what benefits are available to you as a member of the South African Dental Technician Employees Umbrella Fund. If you have any questions about your retirement fund benefits, please speak to your employer or one of the trustees.

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