

# Quantum Leap

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## INSIDE THIS ISSUE

One, Two Three |  
Steps to Financial  
Fitness

Paying out your | 2  
cash withdrawal  
benefit—Why the  
delay

Guidelines when | 3  
choosing an invest-  
ment portfolio

Investment Re- | 4  
turns

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## ONE, TWO, THREE STEPS TO FINANCIAL FITNESS

Whether we want them or not, the New Year will bring new challenges; whether we seize them or not, the New Year will bring new opportunities.

~Michael Josephson

So the New Year arrived not only with a hangover from 2014, but also with a downward spiralling financial situation. Your inadequate retirement savings looms like a tropical storm and you have no idea how to make it to a comfortable, meaningful retirement. With this first issue of 2015, we suggest a few retirement fund resolutions to improve your financial future.

According to a popular survey the majority of retirement fund members do not know who their trustees are, yet they trust these people to make decisions for them. Make 2015 the year where you find out what benefits your fund offers, what contribution is going towards your retirement benefit, and how your benefit is invested.

All retirement funds offer benefits on withdrawal, retirement and death of its members. The values of these benefits depend on the level of net contributions that you and your employer make to the fund. The higher the net contributions... the greater your benefits. If the por-

tion going towards your retirement benefit is less than 12 % of your salary, the benefit paid at the end of the day is not likely to be a meaningful benefit. You can change this by making additional voluntary contributions to the fund to increase your retirement fund savings account. You will need to speak to your Personnel Officer to implement the changes. She will arrange for the additional amount to be deducted from your salary, and invested on your behalf in the retirement fund.

The next step is to find out how your contributions are invested, and if you have a choice in this matter. Consider the alternative investment options that are available. You may need to change to an alternative which is more suitable to your individual circumstances. It will take time to familiarize yourself with the options and the particulars of each portfolio, but it is worth your while. You may need to discuss the options with a personal financial consultant. There are a few guidelines that you can follow

which we discuss this later in this issue.

Thirdly, most funds offer insured benefits, which are payable in the instance of death or disability. Take the time to familiarize yourself with the value of these benefits. Find out how these benefits complement your own individual insurance policies, and where you may be over-insured. It is of utmost importance that you review your Beneficiary Nomination form, and make sure that the information accurately reflects your dependents and beneficiaries, their relationship to you and their contact details. The Beneficiary Nomination form is a guideline for the Trustees when they need to decide how the death benefit is distributed. You should review this form on an annual basis.

In a nutshell, our advice is to take an interest in your retirement fund. Find out how it impacts you...as you are the most important member of the fund. Make sure it benefits you greatly....and have a happy 2015!

"Be at war with your vices, at peace with your neighbours, and let every new year find you a better man"

Benjamin Franklin



"As a member, you can assist to speed up the process"

## Paying out your cash withdrawal benefits...Why the delay?

Angela Brown Head of Administration Services

So often we hear that members' cash withdrawal benefits are not being paid out quickly enough. Members get very frustrated when their cash withdrawal benefits are delayed. As administrators we try our utmost to process these benefits as quickly as possible, but we find that small errors or omissions delay the process unnecessarily.

There are a number of reasons for a delay in the process. These can range from contributions not being up to date, the claim form not being completed properly, or SARS rejecting our application for tax clearance on the benefit.

As a member, you can assist to speed up the process in the following ways:

Make sure your claim form is completed properly and on time! If it is your last working day with the company, ask yourself – has my employer asked me to sign a withdrawal form?

When signing your withdrawal form, check all your personal information. Has your personal income tax number has been filled in on the form? And is it correct?

To make sure the information is correct, attach a copy of a recent correspondence from SARS re-



flecting your name, your ID number and your personal income tax number. We can then check our records to make sure they are up to date.

Please provide proof of **YOUR** banking details. As administrators we are not allowed to make payments into third party bank accounts. We must be given proof of **YOUR** banking details. This can be a can-

celled cheque, copy of a bank statement not older than 3 months, or a letter from your Bank, stamped with their branch stamp. If you don't have your own bank account, but have a joint account with your spouse, the proof of banking details must show **BOTH** your names.

Ask your employer to submit the claim form to us by e-mail, and to copy you in. This way you have confirmation that it has been sent to us.

Finally, ensure that your tax returns are up to date. If not, SARS will reject our application for a tax directive until such time that your tax affairs have been updated.

If we receive the claim form with your last month's contribution, and there are no missing or incorrect details, and no delays getting the tax clearance from SARS, there should be no reason why we cannot settle your claim by the end of the month after your date of exit.

# Guidelines for choosing an investment portfolio



A large number of funds offer flexibility to members to move away from the default portfolio, which is chosen by the Company Management Committee or Board of Trustees. Most members however are hesitant to switch their investment portfolios as they believe that the default portfolio is adequate. The truth is that the default portfolio is adequate for the members of the fund as a whole, but it does not take individual circumstances into account.

The following are guidelines which could offer direction when deciding how your retirement benefit is invested:

## **Your age:**

Younger members can generally afford to take the risks involved with moderate to aggressive market related funds. The principle is that moderate to aggressive funds tend to offer excellent returns over the longer term. However these types of funds are subject to volatility in the short term. Younger members are able to absorb the implications of market volatility as they have a longer investment term ahead, and can sit out any negative market movements.

On the other hand, members who are closing in on retirement should

consider whether they want to protect their retirement savings in a conservative fund or a fund that offers a certain level of guarantees. These types of funds will generally not produce superior market related returns, but will offer protection against negative market movements.

## **Your savings outside of the retirement fund:**

Members who have other forms of savings, for example property or individual savings policies could probably afford to take the risks involved with a market related moderate or aggressive portfolios. If the other form of savings is invested conservatively, you may balance your total savings by investing your retirement fund credits in a market related moderate or aggressive portfolio.

Members who don't have any other forms of savings may want to protect their retirement fund credits in a conservative fund or a fund that offers guarantees.

## **Your risk propensity:**

Some people by their very nature are uncomfortable with taking risks, and even more so when it concerns their financial matters. If your propensity for risk is low, the best investment option for you would be a conservative fund, or even a guaranteed fund.

It remains important to seek the advice of a qualified individual financial planner when deciding how your assets are to be invested.

We will be discussing the principles of guaranteed funds and market related conservative, moderate and aggressive funds throughout 2015. We want to provide you with as much information so that you will be comfortable with making informative decisions when it comes to your investment in your retirement fund. Be sure to log onto our website regularly.



I will learn what the word "resolution" means.

I will think of a password other than "password".

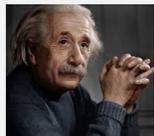
When I hear a funny joke I will not reply, "LOL... LOL!"

Look for investors for my "home office" business

Stop buttering my doughnuts

Buy lottery tickets at the luckier store

## Investment Performance Figures



Note: Past performance is never an indication of future performance

MORE SLEEP  
MORE MUSIC  
MORE TEA  
MORE BOOKS  
MORE SUNSETS  
MORE CREATING  
MORE LONG WALKS  
MORE LAUGHTER  
MORE HUGS  
MORE DREAMING  
MORE ROAD TRIPS  
MORE FUN  
MORE LOVE

All performance figures are shown as at November 2014.

CPI figures are as at October 2014 as November figures are not available yet.

Sources of information :  
Novare, Investment Solutions, Liberty, Old Mutual, Sanlam

Guaranteed Funds	1 year	3 years	5 years
Old Mutual Absolute Stable Growth	17.4%	15.5%	13.5%
Sanlam Monthly Bonus Fund	17.64%	14.39%	12.30%
Quantum Elite Money Market Fund	6.2%	5.7%	6.0%
Momentum MM Smooth Growth Global	21.16%	16.82%	12.50%
Conservative Investment Portfolios	1 year	3 years	5 years
Quantum Elite Absolute Return	10.4%	12.9%	11.2%
Investment Solutions Conserver	9.45%	12.04%	11.73%
Moderate Investment Portfolios	1 year	3 years	5 years
Quantum Elite Moderate Portfolio	11.6%	12.6%	11.8%
Investment Solutions Performer	13.59%	18.65%	16.89%
Stanlib MM Moderate Balanced	14.23%	17.78%	16.45%
Aggressive Investment Portfolios	1 year	3 years	5 years
Quantum Elite Growth Fund	11.5%	12.4%	11.8%
Symmetry Aggressive Fund	15.0%	18.4%	16.3%
CPI Inflation	5.90%	5.67%	5.29%

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Fairsure is a Registered Financial Services Company. We are registered as an administrator of retirement funds in terms of Sec 13 B of the Pension Funds' Act . We are also licensed to provided advice with regard to retirement funds. We provide consulting services to more than 120 Funds.

*Father,*  
PLEASE KEEP  
THEM SAFE  
THIS YEAR.  
*Amen*