

FINANCIAL SERVICES



Helping you to make the right decisions for your future



SATSA Umbrella Provident Fund

May 2011



UMBRELLA
PROVIDENT
FUND

Agenda

- Why have an Industry Provident Fund?
 - Benefits for the Business Owner
 - Benefits to Staff
- A case for the SATSA Umbrella Provident Fund



Why have an Industry Provident Fund?

Does it benefit the Business Owner?

Are there benefits to the Staff?

What about the seasonality of the Tourism Industry?



The benefits to the Business Owner

- Build-up capital tax-free
 - Contributions are tax deductible
 - Income not taxed
 - Not Capital Gains Tax (CGT)
 - All growth is tax-free
 - No Estate Duty



Does it help to start saving early?

Member A

- Contributes R1,000 p.m.
- Starts at age 20
- Stops at age 29
- Saves for 10 years
- Total saved = R120,000
- Capital at age 65 = R6,207,623

Member B

- Contributes R1,000 p.m.
- Starts at age 30
- Stops at age 65
- Saves for 35 years
- Total saved = R432,000
- Capital at age 65 = R3,768,998



Example

Member A

Member B

Age	Contribution	Capital	Return	Contribution	Capital	Return
20	12,000	12,600	10%			10%
29	12,000	200,812	10%			10%
30		220,893	10%	12,000	12,600	10%
40		572,939	10%	12,000	233,493	10%
50		1,486,056	10%	12,000	806,431	10%
60		3,854,446	10%	12,000	2,292,487	10%
65		6,207,623	10%	12,000	3,768,998	10%



The benefits to the Business Owner

- Build-up capital tax-free
 - Contributions are tax deductible
 - All growth is tax-free
- Capital accumulated is protected from creditors



The benefits to the Business Owner

- Build-up capital tax-free
 - Contributions are tax deductible
 - All growth is tax-free
- Capital accumulated is protected from creditors
- Economies of scale – benefit from reduced:
 - Admin Fees
 - Asset Manager Fees
 - Risk Benefit Costs



1. Member Saves in Personal Capacity							
Age	Gross Contribution	Risk Costs 35% of Cons	Net Contribution	Return before Tax	Tax @ 20%	Net Return	Net Return
20	12,000	4,200	7,800	10%	2%	8%	3,135,334
25	12,000	4,200	7,800	10%	2%	8%	2,101,466
30	12,000	4,200	7,800	10%	2%	8%	1,397,834
35	12,000	4,200	7,800	10%	2%	8%	918,953
40	12,000	4,200	7,800	10%	2%	8%	593,035
45	12,000	4,200	7,800	10%	2%	8%	371,221
50	12,000	4,200	7,800	10%	2%	8%	220,258
55	12,000	4,200	7,800	10%	2%	8%	117,515
60	12,000	4,200	7,800	10%	2%	8%	47,590

2. Member Saves in SATSA Fund							
Age	Gross Contribution	Risk Costs 28% of Cons	Net Contribution	Return before Tax	Tax @ 0%	Net Return	Net Return
20	12,000	3,360	8,640	10%	0%	10%	6,521,905
25	12,000	3,360	8,640	10%	0%	10%	4,015,200
30	12,000	3,360	8,640	10%	0%	10%	2,458,733
35	12,000	3,360	8,640	10%	0%	10%	1,492,290
40	12,000	3,360	8,640	10%	0%	10%	892,205
45	12,000	3,360	8,640	10%	0%	10%	519,599
50	12,000	3,360	8,640	10%	0%	10%	288,240
55	12,000	3,360	8,640	10%	0%	10%	144,584
60	12,000	3,360	8,640	10%	0%	10%	55,385



The benefits to the Business Owner

- Automatic Cover – Death & Disability
 - Free Cover limit – R750,000
 - Covers less than 10 people automatically
 - No exclusions – covers
 - Game Rangers & Trackers
 - Extreme Sports – Bungee Jumping, etc



Current Death & Disability Cover

- Death Cover – a lump sum of 2 X Annual Salary
- Disability Cover – a lump sum of 2 X Annual Salary



The benefits to the Business Owner

- Automatic Cover – Death & Disability
 - Free Cover limit
 - No exclusions
- Funeral Benefits – family is covered (loans)



Funeral Cover Provided

	Benefit Payable
Member	R 10,000
Spouse	R 10,000
Children aged 14 to 21	R 10,000
Children aged 6 to 13	R 5,000
Children aged 1 month to 5	R 2,500
Stillborn Children	R 1,000



The benefits to the Business Owner

- Automatic Cover – Death & Disability
 - Free Cover limit
 - No exclusions
- Funeral Benefits – family is covered (loans)
- Can exclude seasonal workers – only core staff
 - Voluntary at inception



The benefits to the Business Owner

- Automatic Cover – Death & Disability
 - Free Cover limit
 - No exclusions
- Funeral Benefits – family is covered (loans)
- Can exclude seasonal workers – only core staff
- Investment Returns



Fund Investments

Run by the largest Multi-Manager
in SA – Investment Solutions



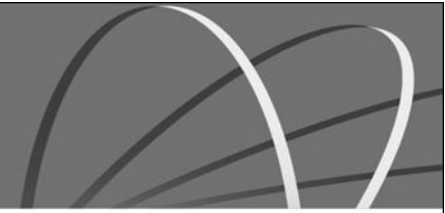


Investment
Solutions

Real Return Focus



Real Return Focus Manager weights



Quantitative 35%

- **Multi-style approach**



Tactical Asset Allocation 35%

- **Benchmark: CPI + 5% on a 3-year rolling period**



Tactical Asset Allocation 15%

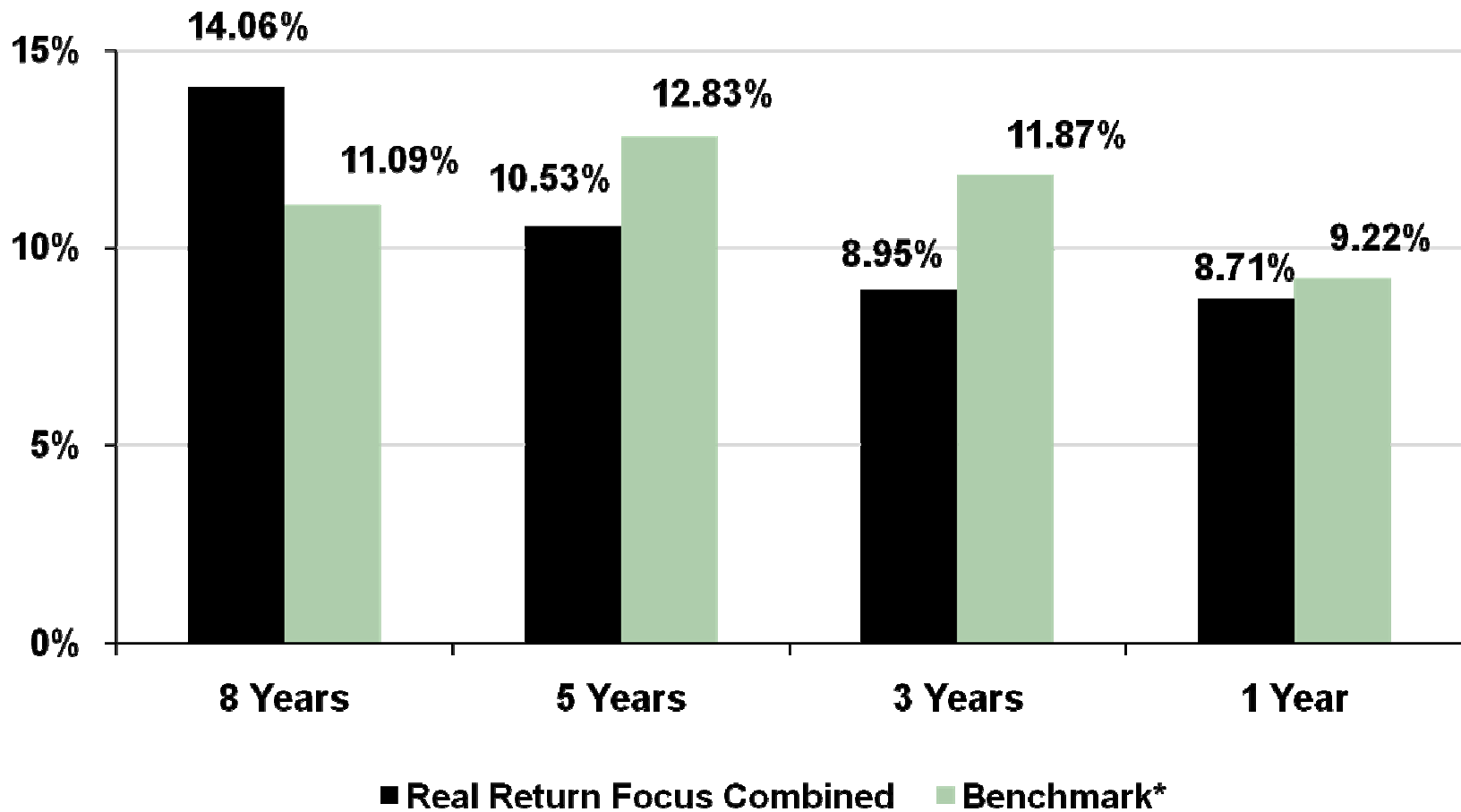
- **Downside protection on equities/ bonds using derivatives**



Rolling Structures 15%

Real Return Focus Combined

Gross returns to 31 March 2011



Inception date: October 2002

Benchmark: Headline CPI + 5% p.a. over any three-year rolling period

Real Return Focus

Asset allocation at 31 March 2011

	Local	Global	Combined
Equity Excluding Property	39.92%	42.19%	40.37%
Inward Listed Shares	0.00%	4.50%	0.79%
Property	3.21%	0.45%	2.67%
Bonds	21.75%	30.88%	23.36%
Cash	35.11%	21.98%	32.81%
Total	100.00%	100.00%	100.00%

Real Return Focus rankings

Customised to include funds with only CPI + 5%

Customised Absolute Return Manager Watch - Real Return Focus		
1 Year	3 Years	5 Years
Foord Absolute	Real Return Focus	Foord Absolute
Prudential Global Inflation Plus 5%	SIM CPI + 5%	Real Return Focus
RMBAM Prominent Inflation #	SYmmETRY CPI+5% Fund #	SYmmETRY CPI+5% Fund #
SMM Absolute Return	Foord Absolute	SIM CPI + 5%
SIM CPI + 5%	RMBAM Prominent Inflation #	STANLIB AM Absolute
SYmmETRY CPI+5% Fund #	STANLIB AM Absolute	RMBAM Prominent Inflation #
Real Return Focus		
STANLIB AM Absolute		

What benefits are offered to Staff?

A cost effective savings vehicle

Automatic cover in the event of
Death or Disability

Funeral Cover for Family



What has been achieved?

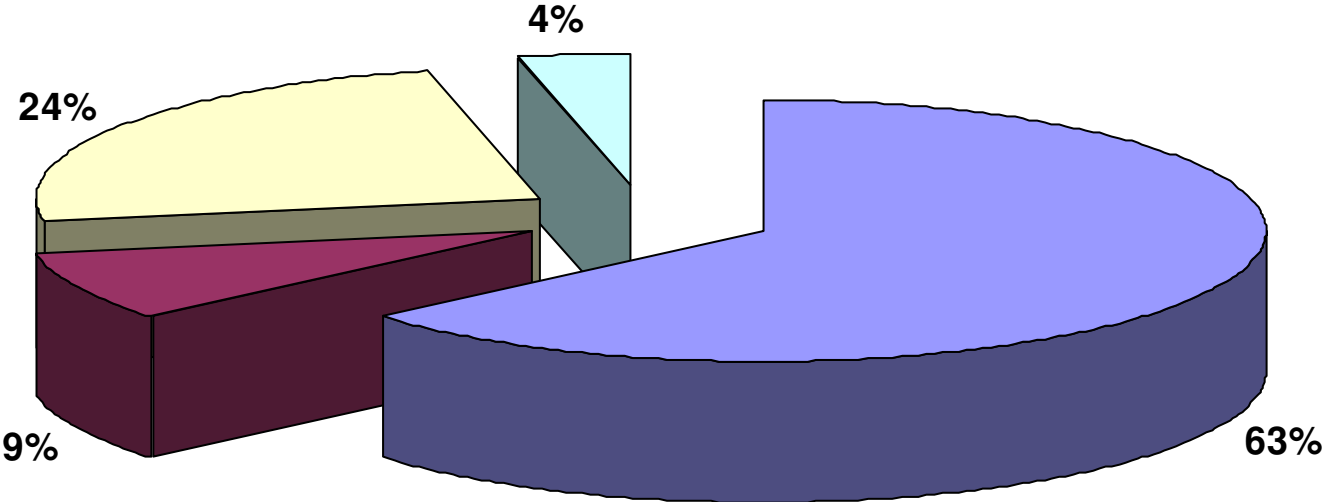
On-line member access

Easy to understand benefits

Lower cost structure



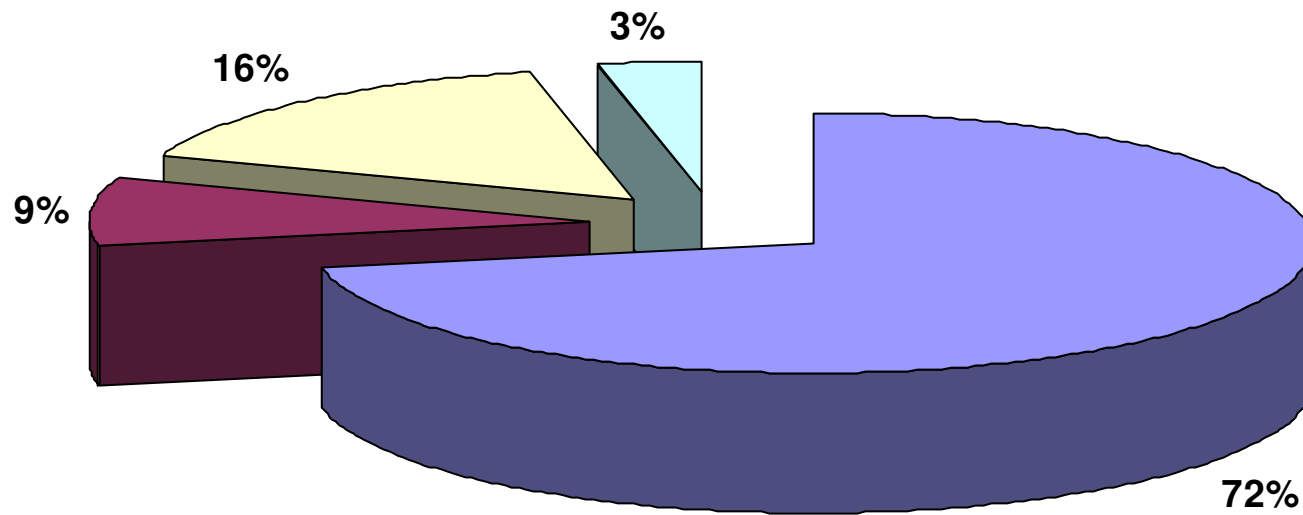
Average Contribution Split - Before



■ RETIREMENT ■ ADMIN FEE ■ RISK PREMIUM ■ FUNERAL



Average Contribution Split - Now



■ RETIREMENT ■ ADMIN FEE ■ RISK PREMIUM ■ FUNERAL



Thank you!

Questions

