



31 July 2015

Dear Broker,

IF UMBRELLA PENSION FUND UPDATE

1. Benefit statement as at 28 February 2015

We have produced Benefit Statements for all members of the Fund who still have benefits in the Fund as at 28 February 2015, including members who already received a partial interim payment.

It has been the practice in the past to distribute Benefits Statements via the Participating Employer's Broker. We appreciate your relationship with the Employers and their members and trust that you are still in a position to assist with the distribution of the attached Benefit Statements to the relevant employers, members and former members.

Should members have any queries regarding the information disclosed in the Benefit Statement or need to update their personal details, they must please send an e-mail with the relevant details and supporting documentation to If-Dynam-Liq@argen.solutions

2. Fund termination

As you are aware, the Fund is currently in the process of preparing for its termination in terms of S28 of the Pension Funds Act. The Fund's financial statements as at 28 February 2015 have been finalised during the month of July, which allowed the Trustees to submit an application to the Registrar for the appointment of a Liquidator. We are currently awaiting the Registrar's approval and trust that the Fund will be placed in liquidation by 31 August 2015.

The data as set out in the benefit statements as at 28 February 2015 will form the basis for the distribution of Fund assets by the Liquidator. It is therefore crucial that every member does receive a Benefit Statement in order, amongst other things, to allow them the opportunity to raise any queries that they may have and to allow the Fund to address any queries as early as possible in the process.

3. Surplus in the Fund

The Valuator of the Fund performed an interim review of the Fund's financial position as at 28 February 2015. This review revealed a surplus in the Fund with a funding level of approximately 107% at the time. Based on an extensive investigation by the Fund's Valuator and administrator, it was found that this surplus did not arise at the expense of any members or as a result of any single event. This surplus appears to have been the result of fortuitous processing variations that accrued since inception of the Fund.

This surplus will be proportionately allocated to members and former members on liquidation. Where members already received partial exit benefits, their share of the surplus will be determined with reference to their full Share of Fund at the time of exit.

4. Future communication

The Liquidator has a statutory duty to ensure that adequate communication takes place to all stakeholders throughout the liquidation process. The Liquidator is therefore required to communicate directly with the respective employers and former members. In order to establish this communication channel, we will therefore also distribute these benefit statements directly to the employers and, where applicable, any former members where direct contact details are available.

Any future correspondence from the Liquidator will be addressed directly to the employers and members. The Liquidator will keep you, as Broker, up to date of any further developments through regular updates on the Fund's website.

Frequently Asked Questions and Answers are also available on the Fund's website which should address most of the questions that you may have (www.funds-info.co.za/lf).

You can contact the office of the Liquidator by e-mail (If-Dynam-Liq@argen.solutions) or you can contact the Call Centre on 0860 383 683 if you should have any queries.

5. Investment switches

As communicated previously, this letter serves as confirmation that no further investment switches between the current portfolios will be allowed for the IF Umbrella Pension Fund.

Soon after the Fund is placed in liquidation, the underlying investments will be consolidated into a single product consisting of the current investment portfolios which will ensure that members' Shares of Fund remain intact from

such a date, while offering some positive market exposure during the liquidation period, i.e. the minimum capital amount will be guaranteed and there will be an opportunity for this to increase if investment markets go up in value during the liquidation period.

6. Outstanding benefits

All further benefit payments will be frozen as soon as the Fund is placed in liquidation. It is therefore critical that any benefit payments that are in progress are finalised as quickly as possible. Therefore, please ensure that any information required to process these benefit payments are provided to the administrator as a matter of urgency.

7. Next steps

The benefit statements indicate the next steps required from each type of member/former member as follows:

- **Active members (i.e. members who have not exited as at 28 February 2015)**

The employer needs to nominate the Fund to which these members' benefits will be transferred. We will contact the employers in due course to prepare the necessary recognition of transfer forms.

Active members who will be included in this bulk transfer do **not** need to confirm their details or contact the Office of the Liquidator.

- **Former members who received interim payments**

The additional benefits due to members are extensions of the interim benefits that they have already received and should generally follow the original benefit. For example, if the interim benefit was transferred to a preservation fund, RA or annuity policy, then this final payment will also need to follow the same instruction. These cases will need to be considered individually and members will require individual financial advice in this regard.

These members' benefit statements include a pre-completed form with the payment instructions and personal details as per their original exit forms (where we have those forms on record). We require these members to confirm that the final payment due to them should be paid into the same account as before, or to provide alternative payment instructions, by completing the attached form. The Office of the Liquidator will attempt to make contact with these members through the contact details available on their exit forms.

An abbreviated claim form is attached in cases where we do not have a previously completed exit form on record.

- **Members with outstanding benefits**

The benefit statements in respect of members who have not yet received any benefits also include the abbreviated claim form. These members would also require personal financial advice in respect of the options available to them.

We expect that payment will commence around the first quarter of 2016, subject to approval by the FSB.

Please note that members will be transferred to an unclaimed benefit fund where we do not have complete payment instructions at the time of payment. Any assistance from you and/or the employer to make contact with all former members will be greatly appreciated.

Once in liquidation, all interested parties will have an opportunity to formally object to the distribution accounts, following a prescribed period during which the accounts will be available for public inspection. **However, we urge members to please advise us of any objections to the process, queries on individual benefits or any potential additional claim against the Fund as soon as possible. This will help us to pro-actively address any issues that could delay the process even before the Liquidator is appointed.**

Yours sincerely,

The Trustees