



26 July 2016

WINDING UP OF THE IF UMBRELLA PENSION FUND

Communication from the Liquidators to members, employers and brokers regarding the Winding up of the IF Umbrella Pension Fund

UPDATE ON PROGRESS

1. Status

The IF Umbrella Pension Fund (the Fund) was placed in liquidation on 28 August 2015. The Preliminary Liquidation Accounts were accepted by the Registrar on 16 November 2015. The Liquidators advertised the liquidation of the Fund in various newspapers throughout the areas in which the Participating Employers operate, as well as in the Government Gazette of 4 December 2015. The Preliminary Liquidation Accounts lay open for inspection for 30 days (until 3 January 2016) and stakeholders had until 17 January 2016 to direct any objections in writing to the Registrar of Pension Funds. No objections were lodged with the Registrar during the prescribed period.

On 2 February 2016 the Registrar granted permission for payment of benefits to commence. We are thus pleased to advise that the deadline that was previously set, for payments to commence during the 1st quarter of 2016, has been met.

2. Payment of benefits for members who have left employment

In the case of members who have left employment with the original employer prior to 2 February 2016 (the date on which the Registrar gave approval for payments to commence), and who have submitted completed claim forms to the Office of the Liquidator, payments were made in accordance with the particulars on the claim forms.

To date, over 200 members have been paid their liquidation benefits totalling more than R24 million. These figures increase each week as further payments are made.

Where the member has not submitted a completed claim form, the liquidation benefit will, after a reasonable period, be transferred to an Unclaimed Benefit Fund of the Liquidators' choice.

3. Payment of benefits for members still in employment with original employer

The Office of the Liquidator has contacted the employers (directly where possible or via their brokers) to request contact information of the members in their employ and also details of the retirement funds to which the members belong. The liquidation benefits for these members will be transferred to the respective retirement funds.

To date, more than 150 members' liquidation benefits have been transferred to their new retirement fund, totalling more than R92 million. These figures increase each week as further transfers are made.

Some employers have not yet provided the requested information, which is delaying payment. We urge those employers to contact the Call Centre of the Office of the Liquidator so that we can arrange the necessary tax directives and Recognition of Transfer forms.

Where the employer does not specify a receiving retirement fund for a member, the Liquidators will nominate a Preservation Pension Fund to which the member's liquidation benefits will be transferred.

4. The payment process

Please note the payment process involves a number of steps and only once all these steps have been completed can payment be made.

Firstly, we need to be provided with the necessary information and to verify this; for example:

- Where a member is entitled to receive the benefit directly, we need confirmation of the option elected i.e. whether a cash payment is to be made or the benefit is to be preserved.
- Where the benefit is to be transferred to a retirement fund, we need the employer to provide details of the receiving fund.
- In all cases we need the member's particulars, such as ID number and tax details.

Secondly, we need to verify with the banks the banking details that have been provided, both for individual members and for receiving retirement funds.

Thirdly, we need to obtain tax directives from SARS, in order to determine how much tax needs to be deducted from the benefits and be paid to SARS. Please note that a tax directive need to be applied for even where the benefit is being transferred to a retirement fund - usually there are no any tax deductions in these cases.

Finally, only once all the above steps have been completed, can the actual payment of the benefit take place.

It is therefore imperative that we receive all the information that is required to complete the process.

We urge all members who have not yet completed the required claim forms to do so urgently and to submit this to the Office of the Liquidator at if-dynam-liq@argen.solutions. A blank claim form can be obtained from Office of the Liquidator; it can also be downloaded from the Fund's website (www.funds-info.co.za).

5. Providing member information to third parties

As communicated previously, we continue to receive requests from third parties for information. The Funds will provide such information only to the member, the Broker of the employer, or to a person who has been mandated by the member to receive the information.

Please provide the necessary mandate when requesting any information. The Office of the Liquidator may request further particulars prior to sending information to a third party.

6. Legal action (see previous communications)

Discussions with the administrator and the legal process in respect of the case against former trustees regarding a possible recovery of the Funds' losses are still in progress.

The Liquidators of the IF Umbrella Pension Fund have decided to withdraw the Fund from the above legal proceedings. The primary reasons are: 1) The Fund is in a surplus position so that the probability of receiving any payment is low; 2) the liquidation process is well underway and it is preferable to avoid matters which could delay the payment of liquidation benefits to members. The Liquidators have accordingly advised the trustees of the three other funds that are involved in the above legal proceedings.

The Fund will thus not share in any amounts that may be recovered as a result of the legal process but, on the other hand, it also does not bear part of the legal costs.

7. Call Centre

The Aon Call Centre is no longer operational. All correspondence regarding the Fund must be sent to the Office of the Liquidator at if-dynam-liq@argen.solutions. The Call Centre can also be contacted on 0860 383 683 during office hours (Monday to Thursday 08:00 to 17:00 and Fridays 08:00 to 15:00).

Updated Frequently Asked Questions and Answers are also available on the Fund's website which should address most questions (www.funds-info.co.za).

Yours sincerely

The Liquidators