

Retirement Policy

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Retirement Policy

1. Overview

This policy is based on meeting the minimum statutory requirements regarding treatment of retirement as stipulated in the Basic Conditions of Employment Act (BCEA).

2. Purpose

The purpose of this retirement policy is to provide a summary of the conditions and benefit options at retirement.

IMPORTANT: This summary is for information only. The provisions and conditions of the Funds and Group Insurance are set out in full in the official Rules and Policies as well as your employment contract. In the event of any discrepancy the official Rules and Policies and the conditions as set out in your employment contract apply.

3. Scope

This policy applies to permanent employees of in the Sanlam Group of Companies, who are members of the Sanlam Umbrella Funds (SUF) and related group life insurance scheme for Sanlam Office Staff.

4. Retirement age (NRA)

In terms of the Rules of the SUF retirement age is as contracted by the employer with the employee.

5. Normal Retirement date (NRD)

5.1 The end of the month in which a member reaches his/her "Normal Retirement Age" (NRA) in respect of:

- those members who were transferred to SSUF in terms of Section 14 during the period 1 May 2011 to 31 December 2011;
- all members who joined the fund as from 1 January 2012; and
- Santam employees appointed after 1 March 2013.

5.2. 31st December nearest to NRA in respect of:

- all members who were members of the SSUF before 1 January 2012, **except** for those who were transferred to SUF in terms of Section 14 in the term 1 May 2011 to 31 December 2011 (see point 5.1 above).

Example of 31 December NRD:

The birthday cut-off point is 1 July. Normal retirement date for those whose birthday falls before 1 July will be the previous 31 December. The normal retirement date for those whose birthday falls on 1 July and later will be the 31 December after their birthday, e.g.

- Date of birth is 18/04/1957. If normal retirement age is 60, the retirement date will be 31/12/2016. If normal retirement age is 65, the retirement date will be 31/12/2021.

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- Date of birth is 18/07/1957. If normal retirement age is 60, the retirement date will be 31/12/2017. If normal retirement age is 65, the retirement date will be 31/12/2022.
- 5.3 Santam members transferred to the SUF on 1 March 2013 retained their normal retirement date, i.e. 1 April following the date on which they reach their normal retirement age.

6. Early retirement

A member may retire up to 10 years before his/her normal retirement date. The employer's permission is required should a member wish to retire more than 5 years before normal retirement date. Members who retire prior to age 55 should note the tax implications of doing so.

7. Late retirement

When a staff member reaches normal retirement date (NRD), his/her permanent employment contract is terminated. However, where there is a real business need to retain the services of the staff member concerned, a fixed-term contract may be offered. In exceptional cases, by mutual agreement and approval of the Group Exco member of the business the retirement date may be extended. In such a case the member will no longer qualify for any assured death or disability benefits after attaining of his/her NRD.

The conversion option for life cover will only be available on early or retirement on normal retirement date.

8. Gift cheque and farewell function

A cash amount (gift cheque) will be paid to the employee in the month of retirement with their salary based on a sliding scale linked to tenure (years of service) and salary is presented to the staff member as a gift from his/her department.

Years of Service	Gift
Less than 5 years	R3,000
5 – 9 years	R5,000
10 – 14 years	R10,000
15 – 24 years	R15,000
25 years +	R25,000

Maximum function budget capped at R6,930, applicable to all employee levels.

The cost centre of the retiree's department arranges the farewell function, and they are also responsible for the cost of the function and the gift cheque.

9. Debt

Any amounts owing to the company will be recovered at retirement.

10. Medical aid

A staff member who retires may continue his/her membership of the medical aid scheme in their private capacity. Please engage with the relevant medical aid scheme for arrangements.

11. Group Life Insurance

Group Life insurance lapses at retirement date. If a staff member retires before the 31 December closest to his 65th birthday, he/she has the option of continuing his/her death cover. The cover can be continued for a period of five years, or up to the 31 December closest to the member's 65th birthday, whatever occurs first.

The abovementioned option also applies to spouse cover.

The insured amounts will be calculated as 5% of the cover at retirement date for each year of completed service. (Maximum 100%). The cover remain constant after retirement and premiums are calculated at normal group rates applicable to active employees are payable.

When the cover lapses, the member has the option of taking out ordinary death cover within two months of the lapse date, up to the maximum of his/her continued sums insured, without submitting proof of good health. This also applies to spouse cover, provided that the spouse is not yet 69 years old.

12. Family cover

Family cover may also continue for a period of five years, or until the 31 December closest to the member's 65th birthday, whatever occurs first. Thereafter the family cover can be converted to a funeral policy with Sanlam Sky.

13. Tax-free gratuity

Lump sum benefits payable by employers to employees at retirement will be taxed in terms of the applicable tax table. This table allows for R500 000 life-time exemptions with a sliding scale of taxes that apply to the balance.