

Risk Benefits Structure

The National Tertiary Retirement Fund offers death and medical disability benefits to contributing members of the Fund. These benefits are referred to as Risk Benefits within the Fund. It is, however, important that members understand the different benefits structures offered by the Fund before choosing a Risk Benefits option. Kindly refer to your member benefit statement, which specifies your current Risk Benefits structure.

Summary of the Risk Benefits Structures of the Fund

FIXED RISK BENEFITS STRUCTURE	FLEXIBLE RISK BENEFITS STRUCTURE
The Fixed Risk Benefits structure is applicable to members who joined the Fund prior to 1 September 2002 and who have not previously switched to the Flexible Risk Benefits structure.	The Flexible Risk Benefits structure is applicable to all members who joined the NTRF on or after 1 September 2002, as well as members who previously opted out of the Fixed Risk Benefits structure.
Members who are entitled to this Risk Benefits structure are given the opportunity once per annum to change from this category to the Flexible Risk Benefits structure.	Members who are entitled to this Risk Benefits structure are given the opportunity once per annum to increase or decrease their Risk Benefits cover. However, should a member amend his or her Risk Benefits cover, it would have an impact on the multiple of pensionable salary that will be paid upon death or medical disability. Thus, members should refer to the detailed multiples based on age mentioned below in this brochure.
Furthermore, once members have opted out of this Risk Benefits structure, they are NOT allowed to move back to the Fixed Risk Benefits structure in future.	Furthermore, should members wish to increase their Risk Benefits cover, they are obliged to undergo a pre-medical testing in accordance with the prescribed process of the Insurer.



Fixed Risk Benefits Structure of the Fund

Death in service benefit

CALCULATION

- This will be a lump sum payment equal to three (3) times the member's annual pensionable salary.
- In addition, a spouse's pension (where applicable) equal to the greater of 40% of the member's annual pensionable salary or the pension amount secured by the member's total accumulated funds or so-called member share account is payable. If there is no spouse, a children's pension is payable if applicable. Nevertheless, should there be no spouse or child, the member's accumulated pension savings becomes payable.

Temporary medical disability benefit

CALCULATION

- It will apply whilst the member is undergoing the final assessment for permanent medical disability.
- It is a requirement that the member should be absent from work for at least three (3) months before this benefit will become payable (the so-called "waiting period").
- If the member qualifies for the temporary medical disability benefit after the first three (3) months, the member will continue to receive a portion of his or her monthly salary for a period of nine (9) months.
- In addition, the member's Employer will continue to pay the required monthly membership contributions to the Fund for a maximum period of nine (9) months.

Permanent medical disability benefit

CALCULATION

- The member becomes a pensioner of the Fund.
- A monthly pension of 60% of the member's pensionable salary will apply in respect of all *members who joined the Fund prior to 1 December 1996*.
- *Members who joined the Fund after 1 December 1996* will be entitled to a pension benefit that is the lesser of 60% of pensionable salary or the expected pension secured by the member's total accumulated pension savings in the Fund or so-called member share account within the Fund.



Flexible Risk Benefits Structure of the Fund

Members who are currently entitled to the Flexible Risk Benefits structure may elect ONE (1) of the following options:

AGE BAND**	OPTION 1:	OPTION 2:	OPTION 3:
	1% CATEGORY	2% CATEGORY	4% CATEGORY
	Multiple	Multiple	Multiple
Up to 25	4.75	9.30	16.00
26–35	4.70	9.15	15.65
36–40	3.85	7.50	12.85
41–45	3.50	6.70	11.20
46–50	3.00	5.60	9.20
51–55	2.45	4.45	7.30
56–60	1.85	3.20	5.35
61–65	1.40	2.25	3.65

**based on age at date of claim

Please Note:

The table above reflects the total death and medical disability benefits members are entitled to. The member’s total accumulated pension savings in the Fund at that date will be added to the total benefits payable. The table below reflects how the member and Employer’s monthly contributions are dealt with within the Fund.

ALLOCATION OF 16% EMPLOYER CONTRIBUTION TOWARDS <i>(based on default contribution arrangement of 24% - alternative arrangements will differ):</i>	OPTION 1:	OPTION 2:	OPTION 3:
	1% CATEGORY	2% CATEGORY	4% CATEGORY
Retirement savings	14.70%	13.70%	11.70%
Risk Benefits structure as specified above	1.0%	2.0%	4.0%
Costs	0.3%	0.3%	0.3%

ALLOCATION OF 8% MEMBER CONTRIBUTION TOWARDS:	OPTION 1:	OPTION 2:	OPTION 3:
	1% CATEGORY	2% CATEGORY	4% CATEGORY
Retirement savings	8.0%	8.0%	8.0%

TOTAL ALLOCATION OF MEMBER AND EMPLOYER CONTRIBUTION TOWARDS:	OPTION 1:	OPTION 2:	OPTION 3:
	1% CATEGORY	2% CATEGORY	4% CATEGORY
Retirement savings	22.70%	21.70%	19.70%

HOW TO CALCULATE DEATH OR MEDICAL DISABILITY* BENEFITS

**Please see point 4 under Important Notes in Respect of Medical Disability Benefits*

OPTION 1: 1% CATEGORY	OPTION 2: 2% CATEGORY	OPTION 3: 4% CATEGORY
- Annual pensionable salary R100 000 - Age band** 41–45	- Annual pensionable salary R100 000 - Age band** 41–45	- Annual pensionable salary R100 000 - Age band** 41–45
Total benefit: R100 000 x 3.5 = R350 000 plus the member's total accumulated pension savings in the Fund	Total benefit: R100 000 x 6.7 = R670 000 plus the member's total accumulated pension savings in the Fund	Total benefit: R100 000 x 11.2 = R1 120 000 plus the member's total accumulated pension savings in the Fund

TEMPORARY ABSENCE FROM WORK HOW DOES IT IMPACT RISK BENEFITS?

	IMPACT ON FIXED RISK BENEFITS	IMPACT ON FLEXIBLE RISK BENEFITS
- Absent from work with the Employer's permission, or - Protected strikes, or - Temporary suspension with remuneration	If a member is earning no salary and no membership contributions are made to the NTRF, then the member will still be entitled to the Fixed Risk Benefits for a maximum period of 12 months, but if such a claim should arise, then the arrear membership contributions will be deducted from the member's total benefit. If a member is earning a reduced salary and the membership contributions to the NTRF are adjusted accordingly, then the member's total benefit will be reduced accordingly.	If a member is earning no salary and no membership contributions are made to the NTRF, then the member will not be covered for any Risk Benefits. The member will only be entitled to his or her total accumulated savings within the NTRF. If a member is earning a reduced salary, then the Risk Benefits will be based on the member's reduced salary plus his or her total accumulated savings within the NTRF.
- Absent from work without the Employer's permission, or - Unprotected strikes, or - Temporary suspension without any remuneration	If a member is earning no salary and no membership contributions are made to the NTRF, then the member will not be covered for any Risk Benefits. The member will only be entitled to his or her total accumulated savings within the NTRF.	If a member is earning no salary and no membership contributions are made to the NTRF, then the member will not be covered for any Risk Benefits. The member will only be entitled to his or her total accumulated savings within the NTRF.
If the member should be dismissed from the institution's service	The dismissed member will, as from date of dismissal, not be regarded as a member of the Fund and will not enjoy any Risk Benefits. Should a member join the Fund again at a later date, only the Flexible Risk Benefit option will be available to such new entrant.	The person will not be regarded as a member of the Fund and will not enjoy any Risk Benefits. The former member will only be entitled to his or her total accumulated savings within the NTRF.

Important Notes in Respect of Death Benefits

- Should a member's pensionable salary, times the multiple of salary set out in the table above, exceeds R17 million for any of the options above, then the member will be required to provide evidence of good health in order to qualify for these benefits. If a member fails to do so, the benefit will be "capped" at R17 million. The mentioned R17 million is called the "free cover limit", which is applicable to the calculation of the death benefit.
- Should a member elect option 1 or 2, then the member may increase his or her cover to option 2 or 3 at the date of the member's marriage or birth of a child without providing evidence of good health. In addition, on 1 October each year, members may elect to move to a higher percentage option, although the Insurer may require a member to provide evidence of good health.
- The Fund's obligation in terms of the benefit value is limited to the amount paid by the Insurer. A member's beneficiaries may apply this benefit at their discretion, after which the Fund will have no further obligation to the family or next of kin of the deceased member.

Important Notes in Respect of Medical Disability Benefits

- A waiting period of six (6) months applies before the medical disability benefit in respect of a flexible risk member may become payable. In order to be entitled to the medical disability benefit, both a flexible and fixed risk member must be regarded as totally and permanently medically disabled for his or her own or similar occupation.
- The same provisions relating to increasing a member's flexible risk cover from a lower to a higher percentage as for death benefits applies, except in addition, a member's medical disability cover will be limited to the option 1 multiple if the member's medical disability condition arises within 12 months after the member has increased the cover from a known health condition that existed six (6) months or less before it was increased.
- In the event that a flexible risk member is entitled to a medical disability benefit, the amount as per the table above is "capped" to a maximum of R14.4 million. The member's total accumulated savings (Fund Credit) is payable in addition to the insured benefit.
- If a member is regarded as medically disabled within five (5) years of the member's normal retirement age of 60 or 65, the medical disability benefit will be reduced by 1/60th for each month remaining until that retirement age. For example, if the member is regarded as medically disabled 12 months before normal retirement age, the benefit will be reduced by 12/60ths of the benefit set out in the table above.
- Members will not be covered for any medical disability that arises from a self-inflicted injury as defined in the policy conditions.
- Members may elect to receive a maximum of one-third (1/3rd) of the total medical disability benefit as a lump sum in cash, whilst the balance should be used to secure a monthly income from by means of a Fund annuity; or from an external Insurer, after which the Fund will have no further obligation in this respect.

It should furthermore be noted that there are a number of general exclusions that apply related to war, terrorism, the use of chemical or biological weapons as well as claims arising from civil commotion, riots, strikes and labour disturbances. These exclusions are dealt with fully in the insurance policy.

Members should consult a Financial Advisor to ensure that they clearly understand the implications of their choices. Members should furthermore ensure that they are fully aware of the Risk Benefits structures and categories they elect before they exercise any choice in this regard and cannot hold the Fund, the Insurer, the Board, the Principal Officer of the Fund, the Employer and/or the Administrator of the Fund (Momentum Retirement Administrators) responsible for any claim arising from their Risk Benefits structure choices. Members should also refer to their member benefits statements which clearly specify their current Risk Benefits structures and categories.

If any conflict arises between this document and the Rules of the Fund and the Insurance Policy, the Rules of the Fund and the Insurance Policy will prevail.

