



OLD MUTUAL  
EMPLOYEE GROUP IN SUPERFUND

NEWSFLASH



## YOUR CHANCE TO INCREASE YOUR RETIREMENT CONTRIBUTIONS!

Changes to tax legislation in March 2016 mean you can now make combined (Employer + Employee) **contributions of up to 27.5% of your Pensionable Earnings/TGP towards risk and retirement funding in OMEGS**. These contributions are tax deductible up to 27.5% of the greater of your remuneration and taxable income (subject to some constraints). This is a great chance to save more, so that you can work towards a more prosperous future.

**Office Staff (TGP employees)** can make changes to their contribution rate from **1 July to 14 July 2016, on Oracle HRMS**.

**Field Staff (employees whose earnings include a commission component)** can look out for communication from their HR teams for exact dates and details about how to make a change.



## THE POWER OF AN EXTRA 0.5% PERCENT

We know that increasing your contribution rate isn't easy, especially when times are tight! But even a small change can make a big difference. For example, **each year at pay review time, try to increase your retirement contribution by 0.5%**. You will hardly notice the impact on your take-home pay, but over the long time the impact is huge!

**EXAMPLE: Thato, with a TGP of R10 000 per month**

Each year at pay review time, Thato increases his OMEGS contribution rate by 0.5%, and he does this for the next 10 years. After 10 years, his contribution rate is 5% higher than it is at present. Thereafter, he keeps his contribution rate level.

After 10 years, Thato's savings would be equivalent to **R40 700 higher** in today's Rand value than they would have been if he had not made the increases.

After 20 years, Thato's savings would be equivalent to **R154 200 higher** in today's Rand value.

After 30 years, Thato's savings would be equivalent to **R350 900 higher** in today's Rand value.

After 35 years, Thato's savings would be equivalent to **R496 700 higher** in today's Rand value.

By simply increasing his contribution rate by 0.5% each year for the next 10 years, Thato would have saved an extra 4.1 times his annual TGP after 35 years!

Best of all, **Thato's extra R496 700 after 35 years would have cost him less than R175 500 in terms of take-home pay** (all in today's Rand value). This is because of the benefits of compound interest and tax deductions.

*Note: these calculations are for illustrative purposes only, and are based on a set of assumptions which may not play out in future.*



## **ABSOLUTE GROWTH PRODUCTS: TOTAL ACCOUNT (BOOK VALUE) SWITCHES**

Members invested in the Absolute Smooth Growth or Absolute Secure Growth Portfolio who want to make a **total account switch** (also known as a *book value switch*) to another investment portfolio with effect on 30 September 2016 must make their election **by 30 June 2016**. Please make your election on the [Secure Services Website](#) or by fax.

However, if you want to make a **market account switch** (also referred to as a *lower of book and market value switch*), this can be done at any point in time. Please make your election on the [Secure Services Website](#) or by fax.

To find out more about **total account switches** and **market account switches**, click [here](#).



## LIFE COVER: CHANGE IN GLA PREMIUM RATES

On an annual basis, the premium rates for the Life Cover benefits are reviewed, based on the actual experience in recent years. The new rates take effect from 1 July.

This year, there has been a slight increase in the cost of the **Full Cover benefit** (increasing from 1.00% to 1.05% of pensionable earnings). If you are in the Full Cover group, you will therefore have very slightly less money directed towards your retirement savings.

The cost of the **Core Cover benefit** will remain unchanged, at 0.86% of pensionable earnings. For both of these groups, the cover is really excellent value!

### FUND CONTACT DETAILS

FUND SERVICE OFFICE | Tel 0860 20 30 40 | Email [superfund@oldmutual.com](mailto:superfund@oldmutual.com)



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### INDEMNITY STATEMENT

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