



August 2021

Dear Member

As a participating member in the Old Mutual SuperFund Pension Fund and an employee of Old Mutual, you are entitled to a death benefit, disability income benefit, and a funeral benefit. These benefits, provided by your employer and Retirement Fund, collectively known as “risk benefits”, are currently insured by Old Mutual Group Assurance. Each year, the insurer takes account of the “claims experience” i.e. compares the benefits paid out in the past to the premiums received over the same period in setting a new premium rate.

Most employers and retirement funds in South Africa have seen their employee risk benefit costs increase significantly in recent periods, mainly due to the ongoing impact of COVID-19.

Following the most recent review, as at 01 August 2021, the deductions in respect of Life Cover (GLA), Admin & Governance Costs, Disability Income Cover (PHI) and Family Cover, are shown below:

	Office Staff (TGP employees)		Office Staff (TGP employees)	
	(% of TGP)		(% of TGP)	
	Core Cover	Full Cover	Core Cover	Full Cover
	Pre 1 August 2021		Post 1 August 2021	
Employer Contribution	3.50%	3.50%	3.50%	3.50%
LESS:				
GLA (Life Cover) premium	0.949%	1.300%	1.347%	1.786%
PHI (Disability Income) premium	0.684%	0.684%	0.684%	0.684%
Family Cover premium	0.030%	0.030%	0.030%	0.030%
Admin and Governance cost	0.124%	0.124%	0.124%	0.124%
TOTAL DEDUCTIONS:	1.787%	2.137%	2.185%	2.624%
Net allocation towards retirement saving from Employer contribution	1.713%	1.363%	1.315%	0.876%
PLUS Member Contribution	9.5% to 24.0%	9.5% to 24.0%	9.5% to 24.0%	9.5% to 24.0%

	Field Staff (Sale Staff)		Field Staff (Sale Staff)	
	(% of Pensionable Earnings)		(% of Pensionable Earnings)	
	Core Cover	Full Cover	Core Cover	Full Cover
	Pre 1 August 2021		Post 1 August 2021	
Employer Contribution	12.00%	12.00%	12.00%	12.00%
LESS:				
GLA (Life Cover) premium	0.949%	1.300%	1.347%	1.786%
PHI (Disability Income) premium	0.684%	0.684%	0.684%	0.684%
Family Cover premium	0.030%	0.030%	0.030%	0.030%
Admin and Governance cost	0.124%	0.124%	0.124%	0.124%
TOTAL DEDUCTIONS:	1.787%	2.137%	2.185%	2.624%
Net allocation towards retirement saving from Employer contribution	10.213%	9.863%	9.815%	9.376%
PLUS Member Contribution	9.5% to 24.0%	9.5% to 24.0%	6.5% to 15.5%	6.5% to 15.5%

Please note the following:

- The above deductions are processed from the Employer’s contribution, and are subject to change on an annual basis.
- The increase in the GLA (Life Cover) premium reflects the higher expected cost of providing the benefits until the next review – this is due to the impact of COVID-19 claims over the pricing period, and those anticipated for the remainder of the review period. Please also refer to the **attached disclosure** of the terms and conditions provided in terms of the Policyholder Protection Rules.
- Maintaining the current multiples of full and core cover for members has resulted in a lower allocation to retirement funding, however, this was necessary given the importance placed on the GLA benefit by members.
- Note that if you are on core cover, you can also increase your level of cover by completing medical testing. The process may be accessed [here](#).
- The Disability Income Cover (PHI) and Family Cover premiums are not actually paid into OMEGS, but to the Insurer (Old Mutual Group Assurance (GAP)). These are “unapproved” benefits, which means that contributions towards PHI and Family Cover are not tax deductible, but the benefits are payable as a tax-free income in the event of a claim.
- Members aged 61 and older do not qualify for the Disability Income, Life Cover or Family Cover, and the contributions in respect of these benefits are therefore directed towards the member’s Member Account Balance.
- The Voluntary Top-Up Cover and Spouse’s Cover are also unapproved benefits offered by Old Mutual. These premiums are reviewed on 01 January each year for members who have selected the cover.

As noted, we have seen an increase in the number of death claims over the past year. We extend our condolences to the families affected and to staff who have lost fellow colleagues. Although the personal impact cannot be measured, the death and funeral benefits have offered value in supporting dependents left behind.

The Joint Management Committee and Old Mutual benchmark the above premium rates to ensure that costs remain reasonable and continue to provide value for money for members.

Stay safe and healthy!