

Retirement



## AF Access Retirement Fund

Better retirement outcomes and  
service from a well-managed fund



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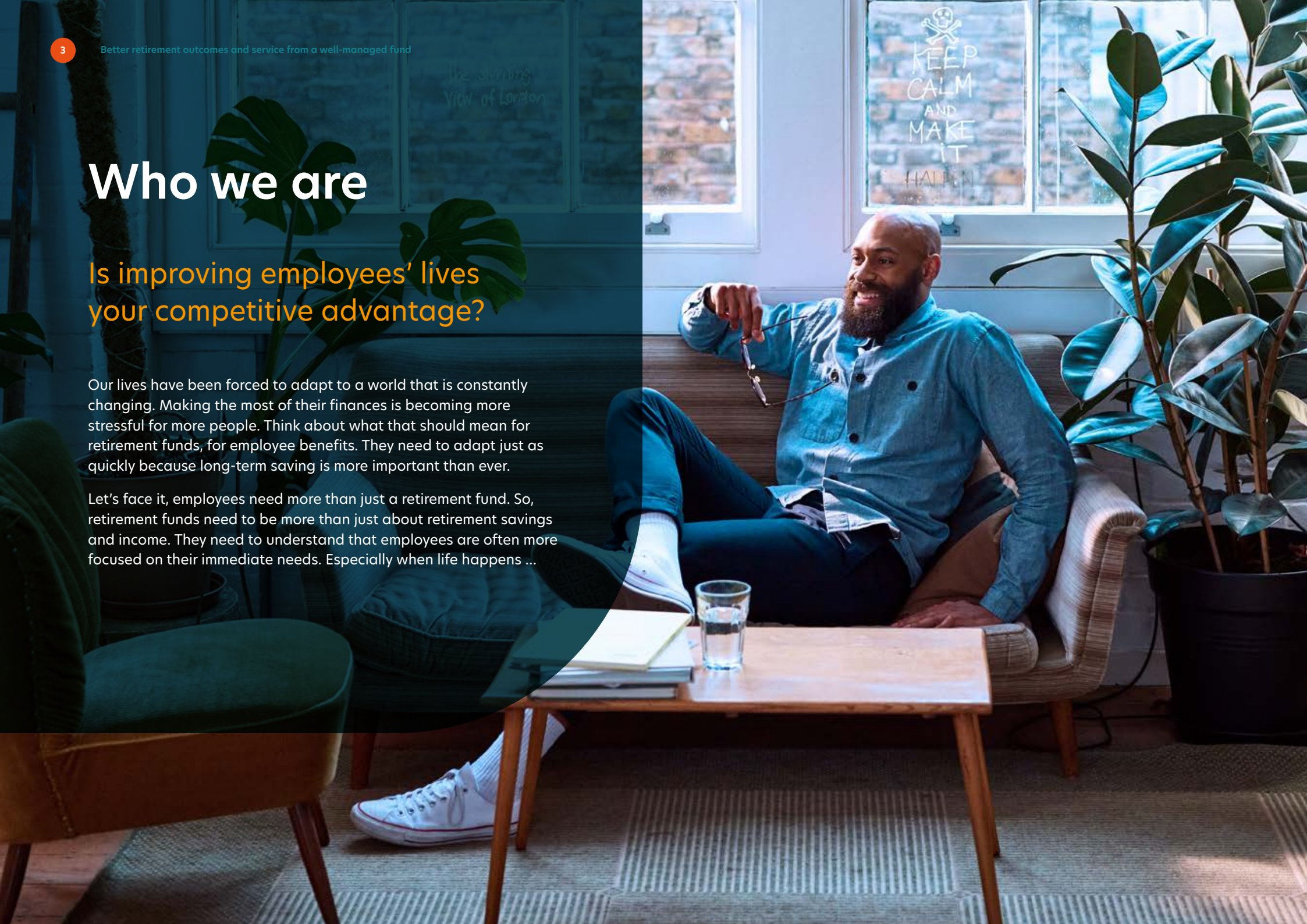


# Who we are

## Is improving employees' lives your competitive advantage?

Our lives have been forced to adapt to a world that is constantly changing. Making the most of their finances is becoming more stressful for more people. Think about what that should mean for retirement funds, for employee benefits. They need to adapt just as quickly because long-term saving is more important than ever.

Let's face it, employees need more than just a retirement fund. So, retirement funds need to be more than just about retirement savings and income. They need to understand that employees are often more focused on their immediate needs. Especially when life happens ...





By providing collective advice and personal lifecycle solutions for the things your employees plan for, when their life changes, or when the unexpected happens, the **AF Access Retirement Fund (the fund)** takes into account your employees' real and immediate needs, without compromising their long-term objectives. This means improved financial security, mental and physical health, and work productivity. And for you, it means better business.

This umbrella fund solution is brought to you by the leaders in employee benefits. One of the main advantages of an umbrella fund is that every member can benefit from strength in numbers.

In addition, the fund has a pension and provident section with three service offerings, which means that there is a solution for every size company.

### With the fund, there are no:

- take-on costs for joining
- transaction-based fees
- actuarial services fees
- charges for employer and member communications
- switching costs (daily switching is permitted and investment portfolios are unitised daily)



### This is what you get:

- > Separately costed insurance arrangements, allowing flexibility to choose from skilled and experienced underwriters
- > Cost-effective and holistic administration and communication
- > A partnership with innovative industry leaders at the forefront of employee benefit trends
- > A large provider of multimanager-based products and portfolios in South Africa
- > Advice from an independent financial adviser (IFA) appointed by the employer

## Where business and technology meet ...

Our ground-breaking Khulisa program has digitised our manual claims, contributions (bills) and section 14 processes, taking our business from manual and paper-based to automated and digital. This has resulted in greater efficiency, better control and reduced risks for clients, members and our administration team.



# Plans at a glance

## Choose the best to suit your business

This section gives you an overview of the difference between the Base Access, Select Access and Full Access retirement fund offerings.

### There are three plans available to choose from:

#### Base Access

This plan is best suited to small schemes (SMEs) looking for benefits for a minimum of five members – a package deal to save costs

#### Select Access

This plan is best suited to small to medium schemes that are looking for a cost-effective fund but more flexibility than the Base Access plan

#### Full Access

This plan is best suited to medium to large schemes that value flexibility

### The fund:

- has been operating successfully since 2010
- is a defined contribution fund
- is managed by six professional trustees – three of whom are independent, including the chairman
- is administered by Alexander Forbes Financial Services
- uses the consulting services of accredited independent financial advisers
- has an independent principal officer

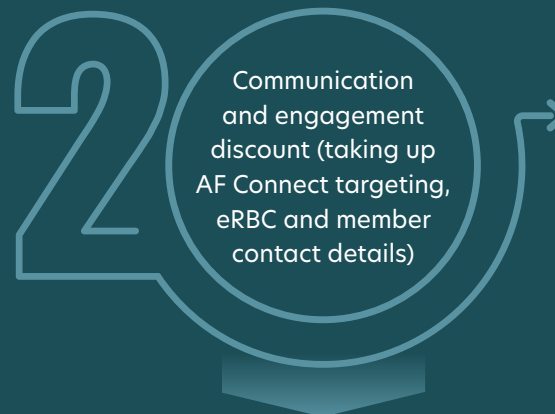
# What you and your members can expect to get from the fund

## Value-added pricing

Our pricing incentive is strategically designed to encourage the use of digital engagement channels to drive efficiency. Increased efficiencies and better data allow for improved monitoring and better outcomes for you, the employer, and your members:



Using the online administrative tools leads to lower administration costs and fees



Client will receive a discount on the administration fee, where applicable



Client will receive a discount on their total fee

We will monitor the degree of usage of the digital channels. If usage or compliance drops, notice will be given that the fee will revert to the pre-discount rate in six months' time, unless usage reverts to the agreed upon levels.

If usage doesn't return to the levels agreed on in your application, the pre-discount fees will apply until usage eventually reverts. At this time the discount rate will apply again in the subsequent half-year fee review.



## Base Access

This option is best suited to small schemes (SMEs) as it offers a fixed benefit structure.

All members of the Base plan are invested in the same portfolio: the AF Retirement Navigator portfolio.

The AF Retirement Navigator portfolio has a moderately aggressive risk rating. It:

- > invests in shares, bonds, cash, and alternative investments
- > aims to balance a desire for long-term investment growth against the loss aversion associated with short-term capital loss (due to volatile returns)

### The plan offers four risk benefit options from which to choose

The underlying asset fluctuations are ironed out by a framework that is used to smooth the returns over the short term.

**Note:** This is a smoothing-only investment portfolio. It differs from traditional smooth bonus portfolios in that it does not provide any investment guarantees.



## Select Access

This option is best suited to small to medium schemes that wish to have some flexibility in their benefit design and structure.

All employers or management committees must choose a default investment strategy for their members. The trustees' default investment strategy on the fund is the AF Balanced Goals-based LifeStage model. The independent financial adviser serving the employer will assist all new clients joining the fund in making this decision at the outset.

**Risk benefits can be included in the benefit design, and the employer has a wider choice on the advice of their financial adviser.**

### Employer management committee

The employer or management committee can opt out of the fund's default investment strategy and can choose from the options below:

- > AF Goals-Based LifeStage models (Balanced, Specialist or Passive)
- > AF Retirement Navigator (refer to page 10 for information on this portfolio)
- > Shari'ah High or Medium Growth portfolios

Members can opt out of the employer or management committee default strategy selected by the employer and invest in the other active portfolios.





## Full Access

This option is best suited to medium to large schemes and provides the greatest flexibility and choice. It is tailored for each participating employer.

All employers or management committees must choose a **default investment strategy** for their members. The fund's default investment strategy is the AF Balanced Goals-based LifeStage model. We will assist all new clients joining the fund in making this decision at the outset.

The employer or committee can opt out of the fund's default investment strategy and can choose from the options below:

- > AF Goals-Based LifeStage models (Balanced, Specialist or Passive)
- > Management committee choice investment strategy from the range of portfolios approved by the trustees
- > AF Retirement Navigator (refer to page 11 for information on this portfolio)
- > Shari'ah High or Medium Growth portfolios

## Employer management committee

If the employer or management committee chooses the management committee choice investment strategy as their investment choice, then the IFA or fund consultant will help with the investment strategy unless only one portfolio is used and this portfolio is likely to meet the fund's replacement ratio target.

It will be compulsory for the employer or management committee to create a formal strategy formulation process with the help of their accredited financial adviser if:

- > a combination of portfolios is used
- > single asset managers are used
- > a portfolio is chosen that will not be likely to meet the replacement ratio target

Members can opt out of the employer or management committee default strategy selected by the employer and invest in the other active portfolios.

## Alexander Forbes Clarity™ (Clarity)

The management committee can also choose Clarity as their default investment option.

Clarity creates a personalised retirement investment strategy for each member, taking into account specific retirement income goals for each member (as defined by the fund trustees on behalf of the members). Please note that Clarity is only available on the Full Access service offering and only as the management committee choice. Members cannot opt into it if their employer has not selected it as the management committee choice.

Clarity™ uses the following criteria to create a personalised retirement strategy:

Time to retirement

Current interest rates

Time in fund

Fund credit

Contribution amount

Current salary and salary inflation





# AF Retirement Navigator

We developed AF Retirement Navigator in partnership with a registered insurer. It aims to help members **grow their investment**, while at the same time **managing the ups and downs** of returns over short periods by smoothing the **investment returns** that they earn.

This smoothing takes place by using a formula determined by the insurer that keeps some of the returns back in the good months to give back in the bad months:

- > If the underlying investment value rises sharply, the full investment returns are not allocated as some of the returns are held back to smooth the returns for when the underlying investment value falls quickly.
- > If the underlying investment value falls quickly, the portfolio will cushion this impact to some extent by allocating higher returns that were held back.

The trustees and fund actuary reviewed the formula used for the smoothing and believe it is a fair and reasonable basis for achieving the smoothing of investment returns.

While the investment returns in the portfolio are **smoothed**, the underlying market value is **not guaranteed** and will still move in the direction of the market.



## AF investment portfolios for Select Access and Full Access options

**Note:** These are the management committee investment choice portfolios.

AF Goals-based LifeStage Model portfolios	Multimanager portfolios	Balanced single-manager portfolios
AF Balanced High Growth	Accelerator	Allan Gray Classic Balanced
AF High Growth	AF Retirement Navigator	Coronation Fund Managed II
AF Passive Bold	Banker	Foord Asset Management
AF Access Houseview Income Target	Conserver	M&G Investments
AF Access Passive Houseview Income Target	Performer	Ninety One SA (Pty) Ltd
AF Access Flexible Income Target	Real Return Focus	
AF Access Inflation Income Target	Shari'ah High Growth	
	Shari'ah Medium Growth	
	Stable Focus	
	Stable Focus Combined	

Members can opt out of the default investment strategy selected by the employer or management committee and can choose to invest in an investment strategy of their choice.

## Member investment choice

Members can choose to invest in any of the portfolios on the left as well these two additional multi-manager portfolios:

- > **AF Explorer**
- > **AF Passive Explorer**

## About the AF Explorer portfolios

The AF Explorer portfolios allow members to invest close to the maximum amount offshore which is currently 45% (including Africa). These portfolios are aimed at members who are still in the growth phase of their retirement journey who understand and can remain patient through investment market volatility.

## Our contact centre

Our My Money Matters Centre is a contact centre that provides one-on-one counselling through inbound and outbound calls. The agents contact members who are joining, leaving or approaching retirement so that they can explain all the options available to these members – in their preferred language, wherever they are located.



The My Money Matters contact centre will give your members access to experienced and qualified financial advisers to help them plan and reach their retirement goals.

# Adding even more value when you join the fund

## Alexforbes Rewards is a big deal!

We have partnered with Randgo, a digital shopping mall, to offer members valuable savings and discounts on everyday products and services. The benefit partners and discounts are updated monthly for a truly dynamic and exciting online shopping experience. One platform, leading brand names, multiple benefits. It makes perfect sense!

### Here's what members get:

#### Supermarket coupons



The supermarket coupon solution features discounts on these products from some of the leading supermarket chain stores.



#### Airtime deals



Members can stay connected with convenient access to airtime at discounted rates.

Members can speak to friends and family for longer by topping up their balance for less using any of these networks:



#### Wellness coupons



The wellness coupons offer the perfect balance of products and services to create a truly customised wellbeing solution.

Members will save money every time they buy selected products and services at any Dis-Chem pharmacy nationwide.

#### Travel deals



For superior rates on all holiday travel requirements.



#### Smart shopping tips:

- > All South African members have access to the online shopping mall.
- > Accessing the benefits: the Digital Mall is directly available on the **website**. Members can access the discount partners on USSD \*120\*9006# through a call me back option. Supermarket, wellness, airtime and travel deals are available on both the Digital Mall and USSD. There's a much wider range of benefits available on the online platform!
- > Members stand a chance of winning prizes for downloading vouchers!

# Options on leaving the fund

On leaving your employ, your members can preserve their money in our in-fund preservation option or our Alexander Forbes Retirement Income Solution (AFRIS) preservation fund. They are not limited to these options - they may also choose an external solution if that's their preference.

## In-fund preservation

The in-fund preservation option is easy to understand. If your members are not sure what to do with their retirement savings if they change jobs or get retrenched, they can simply leave their money in the fund until they know what to do with it.

If members do not make a choice, the employer can complete a withdrawal claim form on their behalf. The member will become an in-fund preserved member until they exercise a choice.

## AFRIS preservation fund

The AFRIS preservation fund also provides your members with a way to protect their retirement nest egg if they are joining a new fund and don't want to preserve 'in-fund'. They can use the fund as an external preservation option for their retirement assets, which allows their assets to sit outside their current occupational fund.



## Keeping their money in our fund benefits your members in two ways:

**Investment options are the same or similar as those in the fund:**

Members can stay in the same or similar investment strategy that they had during their employment.

**It's cost effective:**

Investment fees in the fund are lower than most members could access by themselves. Over longer periods, lower fees can improve the retirement outcomes for members.



# Options on retiring from the fund

The fund also offers two trustee choice annuity options, both of which are out-of-fund options. Members can choose the option that best suits their individual needs.

## Out-of-fund options

### AFRIS in-fund living annuity

A living annuity allows members to decide how much money to draw each year as an income. Even though this gives them flexibility, they could run out of money if they draw too much too soon – it isn't guaranteed.

The AFRIS living annuity is a hybrid fund solution. It combines the benefits of a living annuity and a life annuity by allowing the flexibility of pension income, leaving a legacy for beneficiaries and providing a guaranteed income.

### Alexander Forbes (JuLI SecureGro) with-profit annuity

A with-profit annuity guarantees your members an income for life, no matter how long they live or what happens in the investment markets. Their monthly income will not diminish or get less. This gives them certainty for the rest of their life.



## Enhanced retirement benefit counselling

### What is eRBC?

It's a powerful value-add that we offer and we've seen results that prove that this solution works.

### How does it work?

We contact members when they join, leave or retire. These milestone moments are key to helping members understand the benefits of their retirement fund and the options available to them at the various milestones.

Enrolling in eRBC enables the fund to contact members to help them understand their retirement fund benefits.

We have seen an increase in preservation rates of clients who have signed up for this solution.

# Communication – how we keep you up to speed

We keep in touch with your members on a regular basis.

## 1. Welcome

- Welcome letter
- Membership certificate
- Member booklet
- Access to AF digital platforms (members must register)
- Investment booklet

## 2. Quarterly

- Trustee newsletter
- Investment statements (depending on offering)

## 3. Ongoing

- Call centre and walk-in centre
- Brochure: Options when members leave the fund
- Pre-retirement seminars
- AF digital platforms – online access to fund values, benefit statements and more
- AF Mobile app and USSD
- My Money Matters contact centre
- Enhanced retirement benefit counseling (where applicable)

## 4. Yearly

- Investment statement (depending on offering)
- Benefit statement
- Projection statements
- Trustee report
- Retirement income statement

## 5. Leaving

- Withdrawal communication
- Digital exit process (email address required)



# Communication with employer management committees

Plan	Full Access and Select Access		Base Access
At the outset	Service level agreement		Service level agreement
	Special rules		Special rules
	Administration manual		Administration manual
Six-monthly	Formal meetings with an IFA appointed by the employer  <b>Fund reporting:</b> <ul style="list-style-type: none"> <li>• Cashflow</li> <li>• Enhanced financial analysis</li> <li>• Admin report</li> </ul>		
Yearly	<b>Full Access</b> Normal meeting with an IFA appointed by the employer	<b>Select Access</b> Annual renewal meeting with an IFA appointed by the employer  <b>Fund reporting:</b> <ul style="list-style-type: none"> <li>• Cashflow</li> <li>• Enhanced financial analysis</li> <li>• Admin report</li> </ul>	Annual renewal meeting with an IFA appointed by the employer
			Annual administration report provided at scheme anniversary
Other communication	Technical and legal updates		Technical and legal updates
	Education and wellness programme with dedicated resources provided by an IFA appointed by the employer		
	Alexforbes Hot Topics		Alexforbes Hot Topics



# More good reasons why the fund should be your first choice.

## Partner with the best

- PMR.AFRICA Diamond Arrow winner for 15 years in a row (Consulting and Actuarial Firms)
- PMR.AFRICA Diamond Arrow winner for 15 years in a row (Pension Fund Administrators, Consultants, Product Providers and Insurers)
- RGA prize for best paper 'Mortality Improvements in SA: Insights from Pensioner Mortality' - Actuarial Society of SA 2020
- Best Investment Survey Provider 2020 - Africa Global Funds 2020
- The South African Payroll Association Awards 2020 - 1st Place - Alexander Forbes SAPA Awards 2020

## Governance

- Separate bank account per participating employer for Select Access and Full Access plans
- Access to top underwriters and asset managers
- Three-tier framework:
  - Six trustees, three independent (including the chairman), independent principal officer
  - Management committee (equal employer and member representation)

## Administration

- We are the first administrator in South Africa to have achieved an unqualified ISAE3402 Type II report
- This is the eighth time we have achieved an unqualified ISAE3402 (previously SAS70) audit. The audit gives our clients peace of mind that our total infrastructure has been interrogated and is continuously being tested to the highest standards

## Investments

- Only group in South Africa that is independent of asset managers. This allows us to package portfolios using the best asset managers in the country
- Access to global manager research through Mercer
- Default portfolio is the Alexander Forbes Balanced Goals-based LifeStage Model for Select and Full Access options
- Default portfolio for Base Access option is AF Retirement Navigator

## Value-added services

- Member education and support services
- Trust services



# Connect with us

Please speak to your consultant for more info.

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### AF Access Retirement Fund

Financial Sector Conduct Authority registration number: 12/8/37997 (Pension section) | 12/8/37998 (Provident section)

These businesses are licensed as follows:

- Alexander Forbes Financial Services (Pty) Ltd administers the fund (FAIS licence number 1177, company registration number 1969/018487/07 and pension fund administrator number 24/331).
- Alexander Forbes Investments Limited manages the investments in the fund and is a registered insurer (FAIS licence number 711, company registration number 1997/000595/06, pension fund administrator number 24/217 and insurer number I155).

This information is not advice as defined and contemplated in the *Financial Advisory and Intermediary Services Act, 37 of 2002*, as amended.

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