

breaking news

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bulletin

TO MEMBERS OF SENTINEL

Sentinel improves its retirement benefit!

When you retire from Sentinel:

- You can take a lump sum of up to 1/3 of your capital and enjoy generous tax relief on it.
- Your pension will last throughout retirement – even if you, your spouse or both of you live until 80, 90 or 100.
- Your pension will survive inflation as you will get annual pension increases on a “with profit” basis.
- If you die soon after retirement, in fact up to 25 years thereafter, your dependants share in the remainder of your pension money.
- You can invest in more than one pension, including a flexible / “living” pension, provided that you have sufficient capital at retirement.

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YOUR improved Pension Income Choice model in a nutshell

Lump Sum Option

A maximum of 1/3 of your total Fund Credit may be taken as a lump sum.

Pension 1

This pension option is compulsory for all members who retire from the Fund and includes the following features:

- The pension is guaranteed and payable for life,
- "With profit" pension increases are awarded annually,
- Spouse(s) pension provision is compulsory for members with a spouse(s), on a level of 75% or 100% of the pension at death, and
- Term certain options of between 5 and 25 years may be elected and secures the payment of pensions for the term selected, either as a pension or in a lump sum in the event of death.

After providing for a pension of at least R12,500 per month (R150,000 p.a.) from Pension 1 above (this will normally require between R2 million and R2,5 million of your Fund Credit), you may select pensions from Pension 2 and/or Pension 3 below, with the balance of your capital.

Pension 2

This pension option includes the same features offered in Pension 1 above, but allows for different spouse pension options (0%, 25%, 50%, 75% or 100%) and different term certain options.

Pension 3

This pension option provides for a flexible pension arrangement. Capital will be invested in the Fund's investment portfolios with individual choice offered in the same manner that applies to members.

The value of the monthly pension drawn is selected annually by the pensioner and may vary between 2,5% and 17,5% of capital.

Detailed information about your Fund's Pension Income Choice model!

Sentinel has improved its Pension Income Choice (PIC) model to satisfy the retirement needs of all members. The Fund now offers benchmark retirement income options to future retirees!



Pension Income Choice currently offers the following features and choices:

- **Lump sum option**

Members have the option to convert a portion of their retirement capital (maximum 1/3 of the available Fund Credit) into a lump sum at retirement.

The tax free portion of a retirement lump sum will be increased to R300,000 on 1 October 2007. If the lump sum exceeds R300,000, the next R300,000 will be taxed at 18%, the next R300,000 at 27% and the balance (i.e. over R900,000) will be taxed at 36%.

- **Pensions are guaranteed for life.**

For as long as the pensioner is alive, the pension will be paid and, thereafter, if provision was made for a spouse pension, a spouse's pension will be paid for the rest of the spouse's life.

- **Pension increases are awarded on the "with profit" basis**

Pension increases are awarded annually, based on the increase philosophy of the Fund. Increases are primarily based on CPIX and the objective is to protect the purchasing power of pensions against the eroding effect of inflation. The Fund has an exceptional track record and has in fact managed to award real pension increases, i.e. pension increases higher than CPIX related targets. Increases are awarded on all pensions paid by the Fund, including spouse and child pensions.

- **Term certain guarantee**

Over and above the life-long guarantee on pensions which is explained above, an additional guarantee is offered which ensures the payment of a pension, irrespective of whether a pensioner is alive or not. This means that if a pensioner dies within the term certain period selected at retirement, and he/she is survived by a spouse, the spouse will continue to receive the full pension for the remainder of the selected term and thereafter receive the spouse pension provided. If there is no spouse, or the spouse also dies within the term certain period, the pension payments for the remainder of the term will be capitalised and paid in a lump sum to dependants, nominees or the estate. A term certain option of either 5, 10, 15, 20 or 25 years after retirement can be selected.

- **Spouse pension provision**

At retirement, provision is made for one or more spouses to receive a pension following on the term certain guarantee period and the death of the primary pensioner. It is compulsory for members who have a spouse to provide for a spouse pension at a level of either 75% or 100% of the primary pension at death.

- **Child pension provision**

Child pensions are optional and can be provided for a child up to the age of 18.





Pension Income Choice has now been improved to provide the following additional features:

All retiring members must provide for a monthly pension of at least R12, 500 (R150, 000 per year) from the current PIC offering explained above. Once this criteria has been met, the retiree may select a second and/or third pension from the following options with the remaining balance of the Fund Credit:

- A second guaranteed pension with exactly the same features as the current offering, but with additional options regarding:
 - Spouse pension provision. On this level, provision for a spouse pension is optional. Available options include: no spouse pension (single life), 25%, 50%, 75% or 100%.
 - Term certain period. A different term certain period than selected under Pension Option 1 may be chosen on this level. Choices range from 5, 10, 15, 20 or 25 years after retirement.
- A flexible pension option, which provides for individual choice on the investment of capital as well as the monthly income required.
 - Retirees may select an investment portfolio(s) from the Fund's investment model and switch between portfolios when desired. The entire Member Investment Choice model is available to flexible pensioners, in the same manner as it applies to members.
 - Flexible pensioners decide annually on the level of income required from this investment. Choice in this regard varies between 2,5% and 17,5% of capital per annum.

To ensure a good understanding of the benefits offered and the options available to you at retirement, you may contact the Fund for assistance. The Advisory Service is available to assist you in making the right choices based on your personal needs!

OTHER RULE AMENDMENTS

3-Year Retirement Rule Abolished!

The Rule which previously forced members to retire from the Fund if they were within 3 years from normal retirement age has been abolished.

Provision For "Interim Membership" Status

This amendment is required to extend membership in the Fund from the day that a member leaves the service of an employer to the day that a benefit option is exercised.

A decision about retirement savings held in the Fund must be made within 6 months of leaving the employer. During this decision period, the member's Fund Credit is invested in the Cash Portfolio where it remains until the member notifies the Fund of his/her decision.

A very attractive "non-contributory" membership option is offered by the Fund that allows members to remain in the Fund until:

- a) Re-employed by another participating employer, or
- b) Retirement, or
- c) Death.

Other Rule Amendments

A number of other amendments were made to the Rules of the Fund to ensure ease of understanding, to assist with accurate interpretation, to correct discrepancies and to remove ambiguity.

Members who require details of these Rule amendments may contact the Fund.