MEMBER NEWSLETTER

2021 SECOND EDITION

Dear Member

Regulation 28 of the Pension Funds Act, No. 24 of 1956 ("the Act") prescribes the limits that a retirement fund can invest in an Employer participating in the fund. The limit is currently set at 5% of the fund's assets. Investment by a fund in a participating Employer can be beneficial to members in several ways. The investment is normally made indirectly, through an asset manager selecting shares in the open market such as through the JSE's top performing shares. In the case of the Mineworkers Provident Fund ("the MWPF/Fund"), the indirect shareholding has taken place in some of the top performing companies in the mining industry such as Harmony, which is a participating Employer in the Fund. From around late 2020, the shares of these companies have been performing very well and generating great value for shareholders and investors – including the Fund.

By law, the Fund is required to invest up to a maximum of 5% of its assets in the shares of a participating Employer. As already explained, the MWPF is currently invested in the shares of some participating Employers, in accordance with the prescribed limit.
However, due to the extraordinarily positive returns realised on the investments, the MWPF ended up breaching the 5% limit unintentionally. The Fund's options are to either reduce the investment limits in participating Employers or to apply for exemption from the Financial Sector Conduct Authority ("FSCA") so that it can continue to invest up to a maximum limit of 10%. As per Regulation 28.

The FSCA will only consider and grant the application if it is satisfied that the Fund has consulted its members and they have either consented to the extension application for a maximum investment limit of 10%; or that those members that have objected, the Fund has satisfactorily addressed the objections. The purpose of this communication is to position to the members of the Fund, the intention of the Fund to submit an application to the FSCA, to increase the investment limit from 5% to 10%. We believe that the members have been gaining from the extremely positive returns in these shares and will continue to gain in the foreseeable future. The application is therefore viewed as positive and beneficial to the entire Fund and its members.

However, should any member wish to raise an objection or concern, you are welcome to do so by addressing such an objection or concern to the Fund's Principal Officer, whose contact details are listed at the bottom of this page. Should you wish to raise an objection or concern, please do so by 31 October 2021, in writing only. On receipt of the objection or concern, the Fund will seek to respond or address the objection or concern in writing. Should there be no written objections raised within the indicated period, the Fund will apply to the FSCA for the exemption and will declare that no objections or concerns have been raised. Should the Fund receive approval from the FSCA, it will take steps to increase its investment exposure in participating Employers.

INTRODUCTION & IMPLEMENTATION OF CELL CAPTIVE

In January 2020 the Fund started self-insuring the death benefit (the risk benefit payable on the death of a member of the Fund, as a multiple of annual salary). The reason for this move was that it would be beneficial for members if the Fund was to fully self-insure that risk benefit; thus allowing a potentially greater allocation of the Employer contribution to be allocated towards the member's retirement savings, to achieve a higher growth on the overall savings.

We are pleased to inform you that as of 01 October 2021 the rest of the risk benefits (Funeral Benefit and Permanent Total Disability Benefit ("PTD")) will be self-insured through a Cell Captive arrangement. That's not all, the Fund is pleased to introduce a new risk benefit, the Temporary Total Disability Benefit ("TTD").

What is a Cell Captive arrangement:

A Cell Captive arrangement is a facility whereby the Fund subscribes to and owns an insurance cell in an insurance company, for purposes of housing its identified risk benefits. The Fund provides the cell captive capital and is responsible for payment of premiums on an ongoing basis in respect of the cell maintenance and the payment of claims, while the insurance company provides the underwriting requirements for the cell. As an owner of the cell, the Fund assumes liability for the losses (if any loss is declared) arising in the cell and also benefits from the profits (if any profit is declared) generated from the cell.

Risk Cover Provided:

Under the Cell Captive arrangement members of the Fund will be covered for the same risk benefits **(Funeral and 100% of the Permanent Total Disability (PTD)** as well as an additional risk benefit namely, the **Temporary Total Disability Benefit ("TTD").**

The Funeral and Permanent Total Disability (PTD) benefits remain unchanged while the claims process changes from 1 October 2021.

Temporary Total Disability (TTD) – this is a new disability benefit introduced effective from 1 October 2021. The purpose of the benefit is to provide a monthly income to members who are temporarily disabled, but who are not permanently disabled and unable to work. The monthly income becomes payable to the member when the member becomes temporarily and totally disabled in accordance with the provisions of the applicable Policy.

Temporary Total Disability (TTD) is defined in the Policy to mean that, as a result of injury, illness or disease, the member is totally and continuously, for the duration of the waiting period, incapable of engaging for or profit in their own occupation, or an occupation with their current employer for which they may be suited to or qualified for or that they can reasonably be expected to become qualified for, based on their knowledge, training, education, ability and experience, but is not permanently disabled and the member's certificate of fitness has been temporarily or permanently revoked.

The TTD Benefit Works as Follows:

Benefit Amount:	75% of monthly Risk Salary at the Date of Disablement
Waiver of Premium:	21.5% of monthly Risk Salary at the Date of Disablement
Maximum Benefit:	R250 000 per month
Waiting Period:	3 (three) months
Maximum duration for the Benefit:	up to 24 months

How to Claim:

Contact your Employer who will then via the MWPF Employer Portal, submit the completed MWPF

Temporary Total Disability (PTD) Claim Form and the supporting medical requirements and other documentation (refer list and table below) to MWPF.

List of required forms and documentation for TTD claims:

- Notification of Possible Disability Claim Form.
- Fully completed MWPF Temporary Total Disability Claim Form -TTD.
- Medical Questionnaire completed by the treating specialist, or if no treating specialist by the occupational health medical practitioner.
- Medical proof of continuation of temporary disability form.
- Copy of member's ID document or Passport.
- Member's payslip at last date actively at work.
- Historical medical reports of past 3 –5 years before disability event or to last date actively at work.
- Fitness certificates of past 3 –5 years before disability event or to last date actively at work.
- Copy of member's attendance registers for the past two years, and additional supporting medical requirements / medical diagnostic investigations as indicated, for indicated medical conditions.

Group Life Assurance cover (GLA) – this death benefit remains fully self-insured within the Fund and is not affected by the Cell Captive arrangement at present.

The benefit remains insured at 3 x the deceased member's annual salary and there is no change to the claims process.

Should you require any further information on the Cell Captive arrangement, the new TTD benefit or Regulation 28 limit investment contact us as follows:

010 100 3001
clientservices@mineworkers.co.za
www.mwpf.co.za

Regards
Frans Phakgadi
Principal Officer