

Dear All

IMPORTANT NOTICE – RISK REVIEW/ CHANGE OF PREMIUMS

This serves as notice of the following changes to the risk benefit multiples and premiums with effect from **1 March 2019**. Kindly ensure that your payroll is updated accordingly.

Pension Scheme Summary				
Part	Benefit	Insurer	Premium Rate	Change to payroll
Part I	Group Life	Old Mutual	0.55%	NO
Part I	Income Disability	Old Mutual	0.760%*	YES – from 0.679% to 0.760%
Part II	Group Life	Old Mutual	As Elected by the school: <ul style="list-style-type: none"> • 0.55% • 1.05% • 1.55% 	NO
Part II	Income Disability	Old Mutual	0.760%*	YES – from 0.679% to 0.760%

Pension Scheme Benefit Structure:

ISASA PENSION SCHEME GROUP LIFE BENEFITS		
PENSION PART I (DB) – 0.55%		
Age Bands	Current Multiples	1 March 2019
Age 18-35	4.00	4.20
Age 36-40	3.40	3.57
Age 41-45	3.15	3.31
Age 46-50	3.00	3.15
Age 51-55	2.97	3.12
Age 56-60	2.92	3.07
Age 61-64	2.67	2.80
Age 65-69	2.13	2.24
PENSION PART II (DC) – 0.55%		
Age Bands	Current Multiples	1 March 2019
Age 18-35	4.00	4.20
Age 36-40	3.75	3.94
Age 41-45	3.60	3.78
Age 46-50	3.10	3.26
Age 51-55	2.80	2.94
Age 56-60	2.82	2.96
Age 61-64	2.66	2.79
Age 65-69	2.04	2.14
PENSION PART II (DC) – 1.05%		

Age Bands	Current Multiples	1 March 2019
Age 18-35	8.00	8.40
Age 36-40	7.50	7.88
Age 41-45	7.20	7.56
Age 46-50	6.10	6.41
Age 51-55	5.50	5.78
Age 56-60	4.65	4.88
Age 61-64	4.15	4.36
Age 65-69	3.05	3.20

PENSION PART II (DC) – 1.55%

Age Bands	Current Multiples	1 March 2019
Age 18-35	11.50	12.08
Age 36-40	10.90	11.45
Age 41-45	10.20	10.71
Age 46-50	9.50	9.98
Age 51-55	8.60	9.03
Age 56-60	6.10	6.41
Age 61-64	6.00	6.30
Age 65-69	4.15	4.36

FREE COVER LIMITS

Current FCL	1 March 2019
R16 800 000	R17 000 000

Benefit Structure – Disability Income

Basic Benefit	75% of pensionable salary
Maximum Benefit	R165 000 p.m.
Waiting Period	3 months
Escalation	CPI to a maximum of 4%
Employer waiver	12%
Death Cover	Continues while in receipt of this benefit

Provident Fund Summary

Category	Benefit	Insurer	Premium Rate	Change to payroll
Category 1(B)	Death & Lump Sum Disability	Old Mutual	1.20%	NO
Category 1	Lump Sum Disability	Old Mutual	Included in the rate of 1.20%	N/A
Category 2(A)	Group Life	Old Mutual	0.75%	NO
Category 2(A)	Income Disability	Old Mutual	1.016%	YES - from 0.924% to 1.016%

ISASA PROVIDENT FUND GROUP LIFE BENEFITS – OLD MUTUAL (OM)

CATEGORY 1 (B) MEMBERS ONLY – DEATH BENEFITS – 1.20%

Age Bands	Current Multiples	1 March 2019
Age 18-35	2.97	2.97
Age 36-40	2.52	2.52
Age 41-45	1.95	1.95
Age 46-50	2.06	2.06
Age 51-55	1.84	1.84
Age 56-60	1.63	1.63
Age 61-64	1.52	1.52
Age 65-70	1.74	1.74

CATEGORY 1 (B) MEMBERS ONLY – LUMP SUM DISABILITY BENEFITS

Age Bands	Current Multiples	1 March 2019
Age 18-35	2.24	2.24

Age 36-40	2.01	2.01
Age 41-45	1.19	1.19
Age 46-50	1.63	1.63
Age 51-55	1.28	1.28
Age 56-60	0.85	0.85
Age 61-64	0.66	0.66
Age 65-69	0.00	0.00
Max Benefit	R5 000 000	R5 000 000

CATEGORY 2 (A) MEMBERS ONLY – DEATH BENEFITS – 0.75%		
Age Bands	Current Multiples	1 March 2019
Age 18-35	2.00	2.00
Age 36-40	1.82	1.82
Age 41-45	1.92	1.92
Age 46-50	2.04	2.04
Age 51-55	1.82	1.82
Age 56-60	1.68	1.68
Age 61-64	1.59	1.59
Age 65-69	1.35	1.35

FREE COVER LIMITS	
Current Rate	1 March 2018
R4 000 000	R4 000 000

ISASA PROVIDENT FUND INCOME DISABILITY BENEFITS - OLD MUTUAL (OM)	
CATEGORY A (2) ONLY	
Benefit Structure	
Basic Benefit	75% of pensionable salary
Maximum Benefit	R165 000 p.m.
Waiting Period	3 months
Escalation	CPI with a maximum of 4%
Death Cover	Continues while in receipt of this benefit
Employer waiver	12%
Free cover Limit	R120 000 benefit p.m.

The Voluntary Funeral Benefit remains at **R20, 000, however the** premium has decreased from **R20 to R18.60 per member per month**. Employees often find this to be a valuable benefit. Those who are not currently on this cover have an opportunity to opt in annually by **1 March 2019**. Should you require any additional information on this scheme, please feel free to contact Jennifer Damane on JDamane@oldmutual.com.

ISASA FAMILY COVER – OLD MUTUAL (OM) 93775	
Primary Insured	R20 000
Insured Spouse	R20 000
Insured Child	
Aged >= 14	R20 000
Aged >= 6 but < 14	R10 000
Aged >= 2 but < 6	R5 000
Aged <2 and stillborn	R5 000

Inclusively- and exclusively-costed schemes

Some employers may want to pay for risk and administration costs over and above Employer contributions (exclusively-costed) while other employers want risk and administration costs included in employer contributions (inclusively-costed schemes). **Currently, all schools are treated as inclusively-costed schemes.** If this was not your intention, please contact the ISASA team to ensure that your special rules are correctly recorded.

Please ensure that you consult with your payroll provider to ensure that payrolls are correctly captured to reflect this change.

Here is a practical example of what the change may look like on the Pension Fund for **inclusively costed schools**:

Allocation of Employer Contribution Rate	Before 1 March 2019	After 1 March 2019
Employer Retirement Funding Rates	9.871%	9.79%
Employer Reserve Expense Funding Rates	0.40%	0.40%
PHI Premiums Unapproved Risk Rates	0.679%	0.760%
Additional GLA Approved Risk Rates	1.55%	1.55%
TOTAL EMPLOYER CONTRIBUTION RATE	12.5%	12.5%

The impact of the increased **PHI premium** is that the **employer retirement funding** reduces but total employer contributions always add up to the contribution defined in your special rules. A change in your total employer contribution rate means that you must update your special rules or the administrator will not be able to reconcile your payroll.

The same principle will apply on the Provident Fund.

Please keep a lookout for the DB certificates that will be sent out at the end of February 2019 by the Fund Valuator, Stephen Walker. You will need to send this through to your payroll consultant who must ensure that the correct factors are recorded for DB contributions.

Yours Sincerely
The ISASA Team