



Dear All

IMPORTANT NOTICE – RISK REVIEW/ CHANGE OF PREMIUMS

It has come to our attention that some schools either may not have received the communication regarding the risk review, saw it after the implementation due date or didn't know how to amend payroll to accommodate the changes.

This will only apply to schools whose members have an income disability benefit which is considered an unapproved risk benefit in terms of tax regulations and where its value is shown as a taxable benefit separate from the pension fund contributions.

The amendments required are summarized below for ease of reference:

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	0.679%*	YES – from 0.65% to 0.679%
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	0.679%*	YES – from 0.65% to 0.679%

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	0.924%	YES - from 0.77% to 0.924%

The Voluntary Funeral Benefit has increased **from R16,500 to R20,000** at a premium of **R 20 per member per month**.

If your school has not already updated its payroll (Old Mutual electronic submission) from 1 March 2018, please note that all premiums will have been paid over correctly to the insurer, so there will not be any impact on a member's cover. However if you have not updated your payroll with your payroll provider there will be a Fringe Benefit Tax impact. Please 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:

Allocation of Employer Contribution Rate	Before 1 March 2018	After 1 March 2018
Employer Retirement Funding Rates	9.90%	9.871%
Employer Reserve Expense Funding Rates	0.40%	0.40%
PHI Premiums Unapproved Risk Rates	0.65%	0.679%
Additional GLA Approved Risk Rates	1.55%	1.55%
TOTAL EMPLOYER CONTRIBUTION RATE	12.5%	12.5%

**Please note that Old Mutual is not a payroll consultant. The above serves as an example only. Any assistance with payroll codes and set up needs to be discussed with your payroll service provider.*

The same principle applies to the Provident Fund.

Please note that the valuator, Stephen Walker, sent out DB certificates at the end of February 2018. Please ensure that these are correctly implemented on your payroll as it impacts on the fringe benefits tax payable by members.

Old Mutual has been invited to the SAISHRA meeting on 13 July 2018 to present a Fund overview.

Yours sincerely
The ISASA Team