



**An Introduction to the
Capes National Provident Fund
2022**

Table of Contents

Introduction	1
Management of the Capes National Provident Fund	1
Contribution Rates	2
Benefits	3
Withdrawal Benefits	3
Retirement Benefits	3
Death Benefits	4
Funeral Benefits	4
Investments	6
Communication	7
Participating Employers	7
Members	8
Participation in the Capes National Provident Fund	9
Service Providers	9
Costs	9
Contact Us	10

Introduction

The Capes National Provident Fund was established in April 2010 to provide a centralised retirement funding solution for contract workers (as defined in the Labour Relations Act) and permanent employees (of the various recruitment companies) in the Private Employment Sector in an efficient and cost-effective manner.

It is a defined contribution umbrella provident fund registered by the Registrar of Pension Funds and approved by the South African Revenue Services.

Insured death and disability benefits are provided on an unapproved basis outside of the Capes National Provident Fund.

Management of the Capes National Provident Fund

The Capes National Provident Fund is managed by a Board of Trustees. The current Trustees are:

Elias Monage (Chairperson)	Arabela Holdings
Johnny Goldberg	Global Business Solutions
Angela Dick	Dynamic Outsourced Solutions
Bev Jack	Adcorp Group
Alicia Barlow	Independent

The Board of Trustees manages the strategic and operational affairs of the Capes National Provident Fund at a central level.

Participating Employers are required to fulfil certain administrative functions within the framework established by the Trustees.

Typically, this entails the following:

- Submission of contributions, contribution schedules, claim documentation and other information determined by legislation, the Rules of the Capes National Provident Fund and the administrative requirements outlined by the administrators of the Fund;
- Investigating death claims in terms of section 37C of the Pension Funds Act and make recommendations to the Board of Trustees on the disposal of such death benefits; and
- Facilitating and distributing communication to the Members of the Capes National Provident Fund.

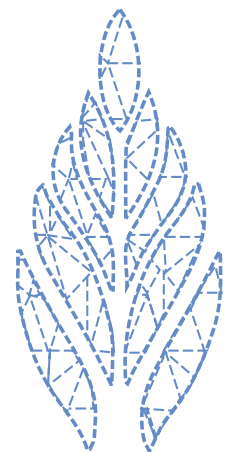
This brochure provides further background on the Capes National Provident Fund as well as the process to follow, should you wish to join the Capes National Provident Fund. Further queries should be directed towards the consultants to the Capes National Provident Fund, Ensimini Financial Services (Pty) Ltd on 011 3817960 or via e-mail sipho.dube@ensimini.com.

Contribution Rates

Participating Employers are allowed to set the contribution rates for their employees based on affordability. There are no minimum contribution rates applicable. Multiple contribution categories are allowed per participating employer.

The Fund allows any of the following contribution methodologies, including a combination thereof:

- Percentage of actual earnings;
- Percentage of notional earnings; and / or
- Fixed amounts



Benefits

Withdrawal Benefits

A Member will be required to withdraw his / her full Fund Credit in the event of withdrawal. Whilst it is advisable that this benefit be transferred to another fund to preserve it for retirement, the Member may elect to take the benefit as a lump sum, subject to the provisions of the Income Tax Act.

A withdrawal benefit will only be paid after a waiting period of three months. This period may however be waived by the Trustees if the member can demonstrate that its enforcement will impose hardship to him.

If the member is re-employed by another employer who participates in the Capes National Provident Fund within the waiting period, he shall be deemed to have remained in service without being expected to make any contributions during the waiting period.

Retirement Benefits

The normal retirement age will be determined by the Management Committee of each Participating Employer in respect of their employees that are Members of the Capes National Provident Fund and will be captured in the Special Rules of each Participating Employer.

At retirement, up to one third of the Member's Fund Credit may be commuted for a lumpsum, with the balance used to purchase an annuity. Members that were already 55 years as at 1 March 2021 may still take their full Fund Credits as a lumpsum on retirement subsequently.

A Member who satisfies the Trustees, after considering medical evidence acceptable to them, that he has become totally and permanently incapable of efficiently carrying out his duties, may retire at any time before he reaches his Normal Retirement Date. The member will be paid his Fund Credit payable in terms of the annuitization rules applicable effective 1 March 2021.

Death Benefits

In the event of the death of a Member, the Capes National Provident Fund will pay to the Member's dependants and nominated beneficiaries a lump sum equal to the deceased Member's Fund Credit.

The distribution of the death benefit will be done in accordance with the provisions of section 37C of the Pension Funds Act. For this purpose, the Management Committee of the Participating Employer will be responsible for conducting the appropriate investigations and making a recommendation to the Board of Trustees on the disposal of death benefits.

Funeral Benefits

The funeral benefit does not form part of the benefits of the Capes National Provident Fund but are provided to members as an ancillary benefit. The funeral benefits based on the 2 tiers described below are applicable for the benefit of the members of the Capes National Provident Fund and their immediate family members.

Full Benefit

The first tier which is known as the "Full Benefit" is paid in respect of Principal Members that in any given month are contributing to the Fund and whose contributions are sufficient to cover all of the expenses related to the Fund and the premium rate in respect of this funeral benefit.

Principal Member	R 10,000
Spouse (maximum 2)	R 10,000
Child 14 – 21	R 10,000
Child 6 – 13	R 5,000
Child 1 – 5	R 2,500
Child less than 1 including stillbirths	R 1,250

In addition, cover for the repatriation of the mortal remains of the deceased is provided.

Step-Down Benefit

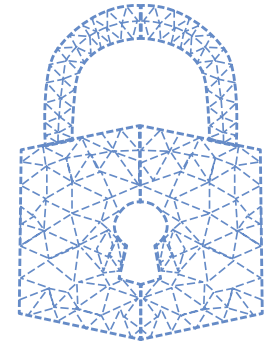
The second tier which is known as the “Step-Down Benefit” is paid in respect of Principal Members that in any given month have not contributed to the Capes National Provident Fund e.g. as a result of their contract having terminated. The Step-Down Benefit will remain in force for a period of no more than 3 consecutive months following the payment of the last premium to the funeral scheme.

Principal Member	R 5,000
Spouse (maximum 2)	R 5,000
Child 14 – 21	R 5,000
Child 6 – 13	R 2,500
Child 1 – 5	R 1,250
Child less than 1 including stillbirths	R 625

In addition, cover for the repatriation of the mortal remains of the deceased is provided.

Investments

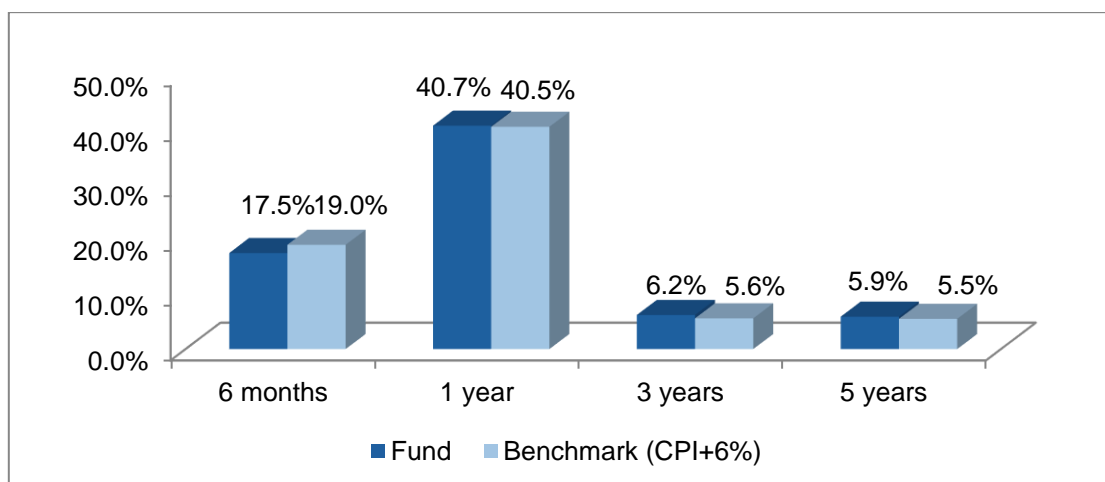
In order to accommodate employers joining the Capes National Provident Fund with existing investment arrangements, the Capes National Provident Fund will allow such arrangements to be retained on the current terms and conditions during the first 12 months of participation in the Capes National Provident Fund. Thereafter, all investments will be aligned with the overall investment philosophy/strategy adopted by the Capes National Provident Fund.



The Fund's current Investment Philosophy is as follows:

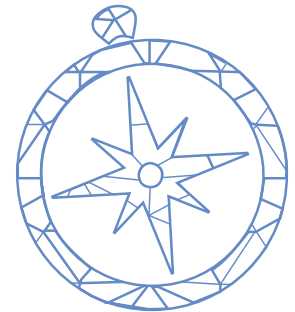
- Multi manager approach
 - Combination of various managers with expertise in different asset class.
 - Managers hired and fired based on actual performance
- Inflation targeting returns
 - CPI Plus 6% over rolling 5-year periods.
 - Fund targets drawdown of not more than 4% and recovery in not more than 13-months periods in any 5 year period.

The Fund's investment return has exceeded expectations since inception. The Fund's investment performance is compared to its return benchmark up to 31 March 2021 below:



Communication

The Trustees of the Capes National Provident Fund regards communication to both employers and members as one of the most critical determinants for the Capes National Provident Fund's success.



The following communication methodology has been adopted:

Participating Employers

- Administration training is conducted when a new Participating Employer joins. This includes a detailed administration manual and explanation of all aspects contained therein.
- Quarterly administration reports outlining the status of contributions, claims and other administrative matters will be provided to all Participating Employers.
- Online access to our administration platform will be provided to view progress on administration-related matters. This will include access to up-to-date benefit statements for Members. Participating Employers will not be required or allowed to make any changes to the underlying data on the system.
- A dedicated administration team responsible for all aspects of every Participating Employer will be allocated to each Participating Employer. This will allow the Participating Employer's administration staff the benefit of dealing with one team on all aspects of their retirement arrangement.
- Regular industry development and administration newsletters will also be sent to participating employers to keep them apprised of changes in processes and other industry developments that may affect them.

Members

- Each Member receives a welcome letter, membership certificate and member booklet upon joining.
- Annual benefit statements will be issued in hard copy to Members.
- In addition, Members will be able to obtain benefit statements via online access to the administration system, where this is agreed to by the Participating Employer.
- Members will receive an annual newsletter that will accompany their annual hard copy benefit statement.
- Members will receive detail on the various options they have when they exit the Capes National Provident Fund.

Participation in the Capes National Provident Fund

Should the employer wish to participate in the Capes National Provident Fund, the New Employer Participation form should be completed and forwarded to the Trustees through the administrators, Ensimini Financial Services (Pty) Ltd, whose contact details are listed below.

Service Providers

Ensimini Financial Services (Pty) Ltd has been appointed to provide the following services to the Capes National Provident Fund:

- Administration
- Consulting
- Actuarial
- Investment Consulting

Costs

In order to ensure full transparency on costs, the Capes National Provident Fund currently employs a uniform fixed cost structure for all Participating Employers and Members. These fees are negotiated between the Trustees and the service providers to the Capes National Provident Fund.

The current operational cost is R2.00 per member per month. This includes the cost of audit, FSB levies, independent trustee, fidelity guarantee insurance etc.

The cost of administration, consulting and actuarial services are recovered from investment earnings and is 0.67% of Member Fund Credits per month, subject to a minimum of R4.50 per month and a maximum of R100.00 per month.

Contact Us

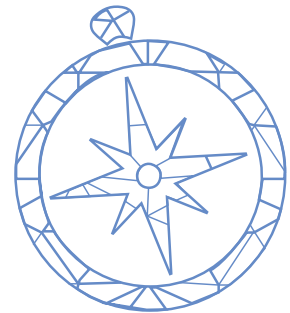
We invite you to contact us on the following details if you require any further details or if you wish to enquire regarding participation in the Capes National Provident Fund.

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