

CUTTING EDGE



Registered as a trade union in terms of the labour relations Act, (Act 66 of 1995) as amended

Room 205, Hangar 5
Annex Building
SAA Technical Area,
O R Tambo Int. Airport
Tel: (011)978-6508
Fax: 086 696 2131 or
(011)978-3616
E-mail: info@ausa.co.za
Web: www.ausa.co.za



Dear Members,

AUSA UMBRELLA RETIREMENT FUND (AUSAURF)

Since the last communication the “Cutting Edge No 7”, dated 3 November 2016 a lot has happened. Four meetings took place and we believe most of the outstanding issues has been addressed.

Based on the following:

- The Fund would have to be liquidated in totality as per the rules of the Fund, as a result of the immediate notification of SAAT to cease their participation in the AUSAURF
- All members of the Fund will be part of the liquidation process
- All the Unions and the Company have finally signed the addendum to the to the combination agreement on the 23rd of November 2016
- As a result of the signature of the above agreement, the Fund continued with the requested rule change, regarding the eligible membership to the Fund as of August 2014
- If the FSB approve the rule change, it would mean that there are no outstanding contributions, as only AUSA members would then be eligible members from August 2014
- Once the Fund receives the outcome of the requested rule change, they would proceed with the appointment of the Liquidator
- The Fund appoint the Liquidator with the approval of the Registrar of Pension Funds. We are hopeful that the appointment could be concluded before the end of January 2017
- The Liquidation process could be delayed, in the event that the FSB do not approve the rule change

What does this mean to all the fund members?

Once the liquidator is appointed by the Registrar, the liquidation process will commence and briefly entails the following:

- The liquidation cost would be 0.5 % of the Fund's total assets, R 15-00 per member and 10 % of the interest earned during the liquidation process.
- Preparation of preliminary liquidation accounts by liquidator.
- Approval of the preliminary accounts by the Registrar.
- Advertising of the accounts by the liquidator.
- Dealing with any objections received by the liquidator.
- Submitting final liquidation accounts to the Registrar by the liquidator.
- Approval of the final accounts by the Registrar.
- Payment of the benefits and any other amounts due as per liquidation accounts.

The process can potentially take 6 – 9 months to finalise, provided there are no unforeseen delays. As per the fund rules, all members will have the following options regarding the payment of their benefits:

- ⇒ Payment in cash, after deduction of tax as directed by the South African Revenue Service.
- ⇒ Transfer to a preservation provident fund, which is tax free on transfer.
- ⇒ Transfer to another approved pension or provident fund, which is tax free on transfer, (this can include your primary fund).
- ⇒ Transfer to a retirement annuity fund.

With all this in mind we need to point out the following down side of this whole process:

- ◆ Once the liquidator has been appointed by the Registrar, your benefits will not be accessible until the liquidation process is concluded. Should you retire or resign in the near future, the payment of your retirement benefit from this fund will be delayed due to the liquidation process. No benefits may be paid prior to final approval of the liquidation accounts by the Registrar, which is the last step in the liquidation process.
- ◆ Your benefit will form part of the fund's assets on liquidation, which means you will bear a part of the liquidation cost, as detailed above. The liquidation cost will result in a slight reduction of your benefit at the most about R 3 300-00 for a supervisory level.

We accept that members may, even after reading this communication, require further information or clarity regarding the liquidation. Please feel free to contact the Union office for any additional feedback in your area.

Regards,
AUSA