



Woolworths Group Retirement Fund

Making the difference to your retirement

Member Newsletter

Quarter 3 • 2011

Dear Member

The reality of having a valid Will and adequate life cover really hit home recently. Sadly, more than 50% of people who die do not have a valid Will. This means there is a good chance that for everyone who reads this newsletter, every second person will not have a Will. This is a scary thought, especially if you have dependants who rely on you for their well-being. Read all about Wills and how to get one and then take action if you need to!

Equally as important as having a Will is to know what life cover you have in place and whether it is enough to provide for your dependants. Read about the benefits the Fund offers and assess if there is gap between your cover amount and your financial commitments.

If there is, you may need to take out additional life cover so you don't leave your loved ones financially destitute should you die.

Happy reading!
Ed

MIND THE GAP!

Adequate life cover is a key part of any financial plan. There are too many desperate cases of families who have been left almost penniless as a result of inadequate life cover. It's sadly not a luxury but a necessity, especially if you have dependants.

THE FUND OFFERS MEMBERS THE FOLLOWING DEATH-IN-SERVICE BENEFITS:

• From the Retirement Fund:

- A lump sum equal to four times your annual pensionable salary payable to your dependants in terms of the Pension Funds Act.
- The Fund Credit that you have saved in the pension fund is paid to your financial dependants at the trustees' discretion.



• From the Group Life Assurance (GLA):

- A GLA benefit, which is a separate policy paid in terms of a separate Beneficiary Nomination Form, which does not fall under the Pension Funds Act.

This benefit will pay out twice your annual pensionable salary to the people you have nominated.

- **Death-in-Service:** R14 000 Death-in-Service benefit payable to your nominees to assist with funeral costs.

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"SAVING TODAY FOR FINANCIAL INDEPENDENCE TOMORROW"

SPEED UP THE PAYMENT OF YOUR BENEFITS!

- The four times annual pensionable salary lump sum death benefit and your Fund Credit is paid to your dependants based on their financial dependence on you. In determining how this benefit should be paid, the trustees will refer to your **Nomination of Beneficiary Form (refer to the enclosed form)**. You must therefore keep this form updated to ensure that there is no unnecessary delay in tracing dependants who were not indicated on your form. The trustees are obliged in terms of section 37C of the Pension Funds Act to trace all your legal dependants.



- The **Group Life Assurance** two times annual pensionable salary is paid to the people you have nominated on the **Nomination of Beneficiary Form (refer to the enclosed form)**.
- The R14 000 **Death-in-Service** benefit is paid in accordance with what is stated on your **Death-in-Service Nomination Form (refer to the enclosed form)** so please make sure that you also keep this form up to date.

WHERE THERE'S A WILL...

The end of your life is probably not something you want to dwell on, which may explain why so many people die without a valid Will. If you die intestate (without a Will) in South Africa, the State steps in and effectively decides who gets what. Your assets will probably get to the rightful beneficiaries, but there is no certainty how long it will take. This could cause complications for relatives who are left to sort out the loose ends of your life and, worse, it could have disastrous consequences if you have dependants. The answer is to draw up a valid Will.



COSTS AND FEES

The only things that are certain in life are death and taxes. **So, when you die, you pay tax in the form of estate duty.**

- The first R3.5 million of your estate is exempt from estate duty, but anything over that is taxed at the current rate of 20%.
- On top of estate duty, your estate can expect to pay up to 3.99% in executor's fees (3.5% plus VAT).

- As well as 6% on any interest income earned or income accrued and collected by the estate from the date of your death.

APPOINTING AN EXECUTOR

You will need to decide who the executor of your Will is going to be. **This is the person with whom**

all parties liaise to ensure that your wishes as stated in your Will are carried out. Many people appoint a family member to act as the executor. **Anyone can act as the executor, but consider the circumstances in which they will be asked to perform this duty.** While this is not a difficult task, there is lots of bureaucracy.

DRAFTING YOUR WILL – WHAT TO BEAR IN MIND

- If you have minor children, consider appointing someone as their guardian should you and your spouse die at the same time.
- If you are a single mother it is vitally important that you appoint a guardian.

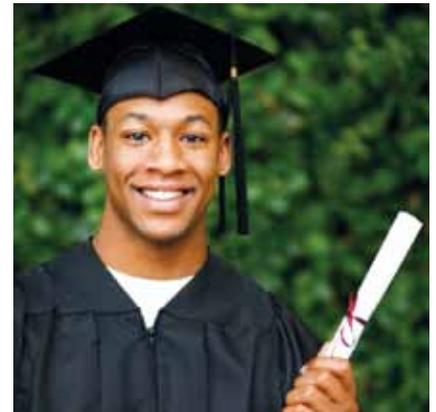


- If you are divorced and paying maintenance, bear this responsibility towards your former spouse and children in mind.
- Heirs must be clearly identified by full names, surname, relationship and identity number to avoid ambiguity.
- Avoid using words or phrases that create uncertainty and confusion as to your intentions.
- Specify any particular bequests to legatees (people you leave

something to), such as your car to your brother or a CD collection to a friend.

- You can also divide your estate. For example, an amount can be set aside to generate money for your child's education, with the provision that the remaining money goes to your spouse after your child's education is completed.
- You can add conditions to your Will, for example, that someone receives their inheritance when they reach a certain age.
- Ensure that you understand each clause in the drafted document and that the Will accurately reflects your wishes.

When you plan the distribution of your estate, plan as if you were to die today. Assuming that the plan you put in place today will only come into effect 40 years later could create havoc if you die at a younger age. **Rather review and amend your Will regularly, so that it reflects your current situation at all times.**



TO MAKE SURE THAT THE WISHES IN YOUR WILL ARE PUT INTO EFFECT WHEN YOU DIE, YOUR FAMILY AND FRIENDS SHOULD KNOW THE FOLLOWING:

- Who you have nominated as your executor
- To notify your executor immediately in the event of your death
- The whereabouts of your Will
- Your wishes regarding funeral arrangements
- Who to contact if you have chosen to donate organs or tissues.

WHEN DO YOU NEED TO REVIEW YOUR WILL?

Review your Will whenever there has been a change in your status or circumstances, or those of your beneficiaries such as:

- Marriage
- Divorce
- Birth of a child
- Changes in your financial situation
- After any changes in legislation which could affect your estate
- On the recommendation of your accredited financial adviser.



THERE'S ONLY ONE THING MORE TRAUMATIC THAN LOSING A LOVED ONE...

It is forcing your family or your doctor to make that agonising end-of-life decision on your behalf.

Every South African has a **constitutional right** to refuse medical treatment. Should you be incapable of voicing your non-consent to unnecessary artificial life-support when dying, a **Living Will** speaks for you.

Please complete your **Living Will (refer to the enclosed form)** and return it to the address provided.

SHOULD YOU DRAFT YOUR OWN WILL?

You should always seek expert and professional advice when you want to draft or review your Will.

Attempting to draft a Will yourself, without being a specialist, could result in the Will being invalid, or could cause consequences after your death because of the wording used – consequences you did not intend.

Trust companies, attorneys, as well as some financial advisers can give you guidance regarding your Will.

This is often done for “free” on the understanding that they will then act as the executors of the estate.

To avoid any confusion, discuss the costs and the appointment of the executor up front and be prepared to pay for the Will.



IMPORTANT: The sample Will that has been included with this newsletter is really only useful where a person wants to give their estate to just one person, e.g. to a spouse and possibly children. It must, however, still be correctly completed, signed and witnessed, or it won't be valid. Most Wills are not that simple and you will need to consult a professional to get your Will drawn up.

TRUSTEE CORNER

The Fund's member-elected trustees are available if you would like to talk to them about Fund issues, queries, etc. Please feel free to contact them via phone or e-mail – their details are listed here.

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KEEPING TRACK

PORTFOLIO	Returns for 3 months ended 30 June 2011	Returns for 6 months ended 30 June 2011	Returns for 12 months ended 30 June 2011
Woolworths High Growth	1.08%	2.03%	15.06%
Woolworths Growth	1.03%	2.21%	14.58%
Woolworths Medium Growth	1.20%	2.70%	13.35%
Woolworths Medium Conservative	1.20%	3.02%	13.77%
Woolworths Conservative	1.23%	3.36%	13.11%
Woolworths Stable	1.19%	3.56%	10.95%
Prescient Pensioner	0.28%	1.72%	9.27%
Banker	1.61%	3.30%	7.09%

The above returns are net, i.e. investment fees have been deducted.

Woolworths Group Retirement Fund

Making the difference to your retirement

Let us know if you want us to cover particular topics, if you would like to know more about something, or want to raise a concern.

We'd like to hear from you!



E-mail us at:

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Or write to the Retirement Fund Post Box at:

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PO Box 680, Cape Town 8000

Fund queries: For more information about the Fund or for Fund queries, you can contact us on 021 407 2699

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