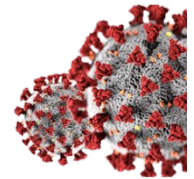




CORPORATE

COVID-19
CORONAVIRUS PANDEMIC



Relief for employers during Covid-19

Following President Cyril Ramaphosa's recent address regarding the restrictive measures needed to combat the outbreak of COVID-19 in South Africa, Old Mutual Corporate and Old Mutual SuperFund are working hard to do our part to help limit or slow the transmission of COVID-19 while maintaining business continuity and helping our clients navigate this challenging environment.

At Old Mutual we are sensitive to the extreme financial stress that businesses and their employees across South Africa are facing due to the Covid-19 pandemic and its associated impact on the economy and business environment. In order to assist employers and their employees, **Old Mutual SuperFund has made three options available to employers to help them reduce retirement fund contributions at this time.** These options can be used in combination for different members in the same group. As an example, options 1 and 2 can be used together depending on whether members want to continue with their contributions if on a reduced salary.

While these options provide relief in terms of contributions towards retirement funding, premiums for risk cover need to continue. We believe that it is vital for members not to lose their insured benefits during these difficult times and continue to receive full cover. As such, we strongly urge employers to continue to reflect employees' Risk Salaries at the normal full salary amount* so full risk-benefit premiums can be collected. Please note therefore that risk premiums are based on employees' risk salaries whereas administration fees are based on pensionable salaries.

Important! If you are a SuperFund Easy client, your payroll process only has the option to submit a pensionable salary. Option 2 is unfortunately not available to you as if you reduce pensionable salaries, this will impact members' risk benefit cover.

For more information, please speak to your Old Mutual Corporate Client Service Consultant.

Option 1	Option 2	Option 3
Employees have been put on unpaid leave/temporary absence	Employees are on reduced working hours and employers reduce the pensionable salaries of members	Employer requests suspension of <u>employer</u> contribution towards retirement funding
Ideal for employers where their employees earn:		
No salaries or reduced salaries and wish for retirement funding contributions to be put <u>on hold</u> .	Reduced salaries but they still wish for retirement funding contributions to <u>continue</u> in line with the reduced salary.	Their normal salaries but due to cash flow problems , the Employer needs to put the employer retirement fund contributions <u>on hold</u>

- All the employer needs to do is change the status of the employees on the payroll file to reflect that the members are on temporary absence.
- Zero employer and member retirement funding contributions will be collected.
- Risk and administration fees will continue to be collected.

- All the employer needs to do is load the actual earnings of the employee as the pensionable salary
- The employer and member retirement funding contributions will then be based on the reduced salary using the percentage reflected in the Special Rules.
- Risk and administration fees will continue to be collected.

- An application will need to be made to SuperFund to approve and then activate this option on the administration system.
- If activated, the payroll system will reflect zero employer retirement funding contributions.
- **Note that member retirement funding contributions will, however, still need to be paid.**
- Once this option is activated, the payroll process remains fully automated.
- Risk and administration fees will continue to be collected.

Regulatory, Special Rule and other impacts:

- There are no impacts. We have engaged with the Regulator on this particular option.

- There are no impacts.

- There will be an inconsistency between the Special Rules and the administration system.
- This process is however provided for in terms of the Master Rules of the Funds and has the approval of the SuperFund Trustees.

Conditions

- **During this time, members must not lose or experience a reduction in their insured benefits. As a responsible employer, please ensure that the Risk Salary you submit in your payroll files remains at the normal full salary amount*. In this way, full risk-benefit premiums will be collected, and members will continue to enjoy the full cover.**
- **Initially these options will be available for 3 months (i.e. end March, April and May 2020 payrolls).**
- **Note:** If, as an employer, you do not currently submit separate pensionable and risk salaries with your payroll submission, please contact our Payroll Support Services Team who will assist you in setting this up.
- Full administration fees remain payable.
- Employers need to ensure that they communicate with their employees if one of the above options is put in place. It is critically important that employees understand the implications of reducing or stopping retirement funding contributions on their retirement benefits.
- Employers acknowledge that there may be labour relations or employment contract items that need to be addressed and accept that both Old Mutual and SuperFund cannot be held liable in these instances.

* Normal full salary is the salary the employee was earning before it was reduced or before they were sent on unpaid leave.