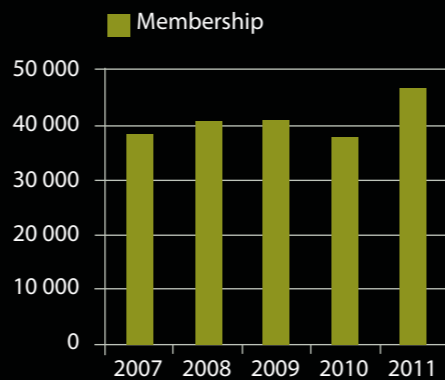


## FUND MEMBERSHIP

As can be seen from the graph above the membership of your Fund has grown steadily over the last 5 years with total membership now standing at 46 947 members.

The administration of your fund benefits is done by MIFA at a very reasonable total cost of R 299 per member per year.



## HOW TO PRESERVE YOUR BENEFITS

When you leave the service of your employer before your retirement date and exit the motor industry, you may apply to receive your fund credit. Your fund credit is made up of Member contributions plus Employer contributions (less costs) plus any investment returns (growth in the form of bonuses).

### However you may preserve your retirement savings when you change jobs.

There are three ways in which you can preserve your benefits for retirement, they are:

- 1) **You may transfer the money to a retirement annuity (RA).** There is no tax on a transfer of this nature. A retirement annuity is a privately registered pension fund. Such a transfer has certain limitations that make your money less accessible at retirement i.e. only up to 1/3 may be taken in cash at retirement.
- 2) **You may transfer the money to a preservation fund.** There is no tax on this transfer either. The money must go to a pension or preservation provident fund. Members who take this option will be able to make one cash withdrawal from the preservation fund before age 55. From age 55 on you may retire as you would have from a normal provident fund.
- 3) **You may also transfer the money to the provident fund of your new employer (if this is permitted in the new employer's fund rules).** There is also no tax on this transfer provided that your money is transferred to a provident fund. Most funds allow people to transfer money from their previous employer but it is extremely important that you understand the rules of any new fund before taking this course of action.

Should you decide to withdraw your contributions when leaving your employer you will have to pay income tax according to set tax tables except for the first R22,500 which is tax-free. The new tax-free threshold of R 22,500 will be cumulative and will apply to the total amount of a member's withdrawals from pension and/or provident funds over the member's lifetime.

**Please bear in mind that accumulating a sum of money (such as your retirement savings) of this size may never be possible again within your lifetime. This action should be your last resort.**

## KIDZ CORNER COLOURING COMPETITION

Hey kids, show us how well you can colour in and stand a chance to win one of three R150 gift vouchers. Children between the ages of 3 and 12 may enter. Remember to write your name, telephone number and address on the back of the drawing. Post your completed drawing to The Editor, Private Bag X10095, Randburg, 2125. The winners will be announced in the November 2011 issue of the newsletter and your drawings will be featured in the newsletter.



Motor Industry Provident Fund  
Private Bag X10095, Randburg, 2125



# On-Route

Motor Industry Provident Fund  
**YOUR VEHICLE TO FINANCIAL FREEDOM**  
Motornywerheid Voorsorgfonds – Koersvas

## Content:

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| 3. You can find information about your Fund on the MIFA website | page 3 |
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# JULY 2011

## YOUR FUND INVESTMENTS

### Where is my Provident Fund Money Invested?

Your money is invested in an investment portfolio that has been carefully constructed by the Board of Trustees to provide you with the best growth on your money. The Fund employs the services of some of the best local and international asset managers to invest the money on the members' behalf. The Fund currently has more than R5 billion invested.

### What is a portfolio?

As can be seen from the example below a portfolio can have portions invested in various asset classes or investments such as shares, bonds, property and cash.



### What is investment mix or asset allocation?

This refers to the mix of asset classes that make-up your investment portfolio. Retirement funds invest in four main asset classes: shares (equities), property, bonds and cash. Different asset classes carry different levels of risk and return – hence diversification between asset classes (and managers) reduces investment risk and optimizes returns. The process of determining which mix of assets to hold in a portfolio, is made by the Board in consultation with the Fund's Actuary and Investment consultant.

TYPE OF ASSET	DESCRIPTION
<b>Shares or Equities</b>	Your Fund is part owner of a company. Returns of this investment are directly determined by the performance of the company you are invested in. The more companies we invest in, the lower the Fund's risk to any one company – this is called diversification. An investment in shares should provide your Fund with high returns over the long term, but your investments will be affected by short term market fluctuations.
<b>Property</b>	Your Fund is invested in several property funds listed on the Johannesburg Stock Exchange – retail, commercial and industrial properties. Property is generally less risky than shares. The main risks are sudden rises in interest rates, a drop in property prices and an oversupply of rental property leading to lower rental income, until the market corrects itself.
<b>Bonds</b>	These are loans to the Government and other large Semi-government organisations and corporations. These are less risky than shares and property, but may yield lower returns over the long term.
<b>Cash</b>	This is often viewed as the safest investment type as your return (interest) is known when you make your investment. However, you have the risk that the returns may not keep up with inflation over the long term.

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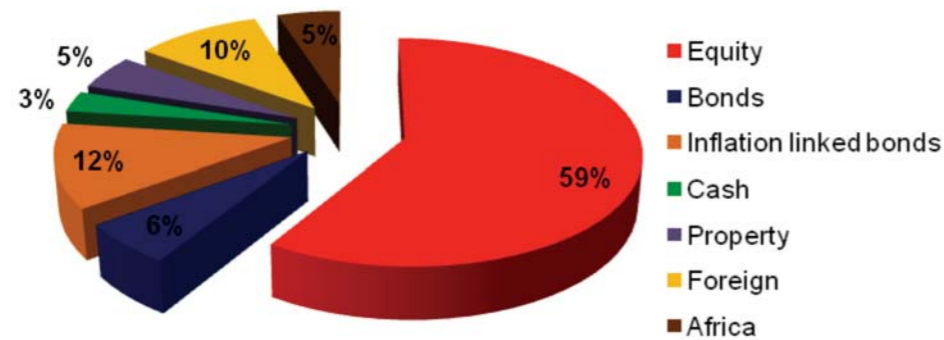


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**Asset allocation of your Fund**

The Fund's strategic asset allocations (deciding in which asset classes money should be invested) represent a moderately risk profiled Fund with about 59% in local equity (shares), 18% in local bonds, 5% in property, 3% in cash and 15% in international assets as can be seen in the pie chart below.

**MOTOR INDUSTRY PROVIDENT FUND**



**HOW IS YOUR FUND GROWING?**

Specialist asset managers are chosen by the Board of Trustees based on their specific skill, within an asset class, and are allocated a mandate accordingly. The Fund's trustees are thus very involved with evaluating their managers and in ensuring that the Fund's objectives are being met. Trustees are also involved with periodically evaluating the strategic allocations of the Funds to assess their suitability and applicability to changes in membership profiles and in changing market environments. The Board obtains expert investment advice and monitors performance closely on an ongoing basis.

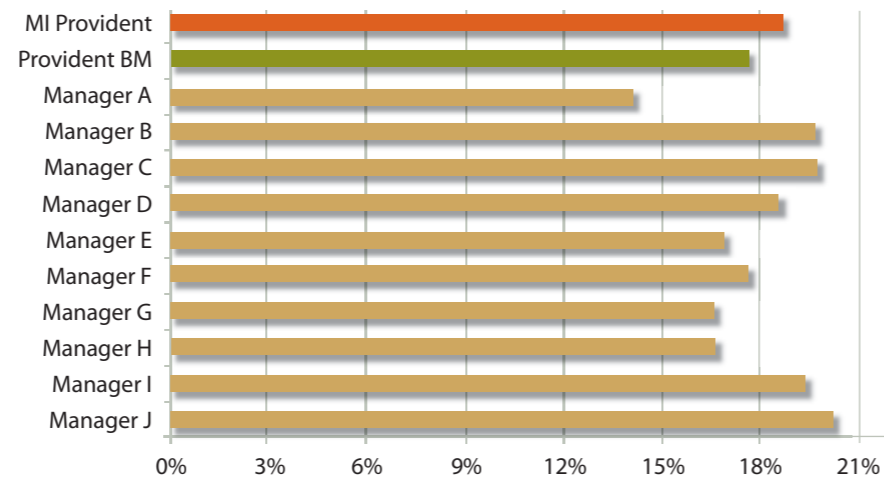
The Fund has recovered well from the recent global financial crises by yielding (growing the assets) about 18% in the last 12 months, relative to the benchmark which yielded 17%. With their investment decisions, the trustees and their appointed investment service providers have managed to add additional value for the Funds of about 4% over and above their targets over the last three years.

Fund	12 months	24 months	36 months
Motor Industry Provident Fund	18.53%	18.79%	9.95%
<b>Benchmark</b>	<b>17.48%</b>	<b>17.83%</b>	<b>5.51%</b>

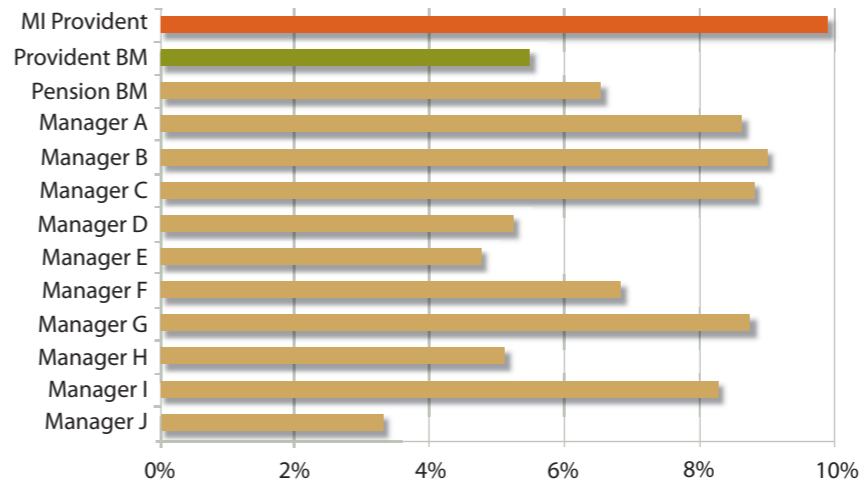
**Industry Performance**

The Fund's performance is also measured against its peers (similar funds) in the retirement industry. The graphs below compare the performance of the Fund to the participating funds in the Riscura Large Manager Watch.

**MI Provident 24 Months**



**MI Provident 36 Months**



**YOU CAN FIND INFORMATION ABOUT YOUR FUND ON THE MIFA WEBSITE**



Members can now go to [www.mifa.org.za](http://www.mifa.org.za) to access information about their Fund.

On the website members will be able to click on the Motor Industry Provident Fund button at the top of the home page to view:

- Fund Rules
- Balance Sheet
- Benefit statements
- Newsletters

All the relevant claim forms members will need can be found under the Application Forms button on the left side of the screen.

Members are welcome to send their opinions and suggestions about the website to Motor Industry Provident Fund at Private Bag X 10095, Randburg, 2125.

**BENEFITS OF THE FUND**

As a member of the Fund you have access to the following benefits:

Benefit Details	Motor Industry Provident Fund
1. Membership	Division B, Apprentices Grades 7 & 8 Employees
2. Normal retirement age	65
3. Minimum early retirement age	55
4. Retirement benefit	Fund Credit*
5. Withdrawal benefit	Fund Credit*
6. Retrenchment benefit	Fund Credit*
7. Death benefit	3 x annual salary + Member portion + Interest
8. Disability benefit	As above. Benefits may be limited during the first 5 years of membership.
9. Transferability in Motor Industry	Yes
10. Collateral for housing loans	Maximum 70% of Fund Credit*, subject to a minimum loan value of R5 000

**\*Fund Credit** : Total of member contributions + Employer contributions to retirement funding + investment bonus declarations (growth on your money).