FAIRHEADS
Benefit Services

The best way to provide for your child, to protect your child's future after you're gone

FAIRHEADS UMBRELLA BENEFICIARY FUND

WHY NOMINATE A BENEFICIARY FUND ON YOUR NOMINATION FORM?

- The main aim of the beneficiary fund is to pay towards educational costs until the minor child completes his/her education.
- Regular payments made to the guardian or caregiver assist towards the general living costs of the minor child.
- The funds are protected in the case of change of guardianship or caregiver.
- No tax is paid in the fund and any payment out of the fund, whether capital or income, is tax free.
- The guardian/caregiver is relieved of the burden of managing and investing funds for the child.

"payment out of the fund, whether capital or income, **is tax free**"

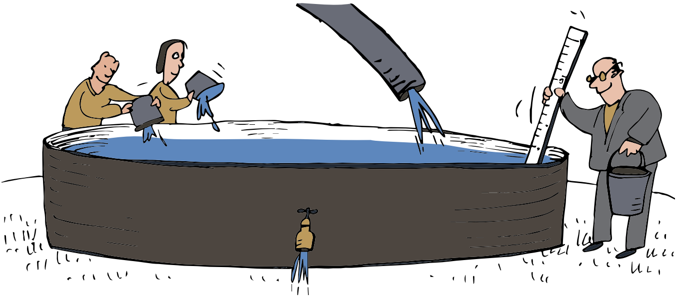
HOW THE BENEFICIARY FUND WORKS

INFLOWS

A death benefit payment is transferred into Fairheads Umbrella Beneficiary Fund and a member account is set up when a completed application form and required supporting documents are submitted.

The money in the member account is invested and any investment returns are added to the account.

The member account is carefully monitored and managed so that it can last as long as is necessary. For this reason, not all payment requests by the guardian may be approved.



OUTFLOWS

Various payments can be made from the member account.

Fees are charged to administer the money in the member account.

Regular payments every month, to pay towards general living costs. The amount is determined by the individual needs of the minor, as well as the value of the member account.

Ad hoc payments can be requested by guardians/caregivers to pay towards specific costs such as school fees, uniform, books, stationery, transport, etc.

Member accounts are generally terminated when the member reaches the age of majority (18). The member may choose to leave the money in the fund, and we encourage them to seek independent, financial advice prior to taking their funds.

Requests for capital are managed according to agreed service level agreements, which include documented escalation procedures if the guardian/caregiver or member are not satisfied that the request is being managed properly.

WHEN CAN BENEFITS BE PLACED IN A BENEFICIARY FUND?

When a member of a retirement fund dies, the trustees of the retirement fund must decide how to allocate the late member's death benefits in the best financial interest of his/her dependants.

The retirement fund trustees can decide to place the funds of minor dependants into a beneficiary fund to be managed on behalf of the child.

Fairheads Umbrella Beneficiary Fund can receive:

- section 37C death benefits (approved benefits) from a registered retirement fund for the benefit of a dependant or nominee. This can be for a minor or a major (with consent) if considered appropriate by the retirement fund trustees.
- benefit payments from unapproved funds e.g. group life cover and employment benefits.

"**We invest heavily** in Access, Communication and having the best Investment Approach possible"

Fairheads Umbrella Beneficiary Fund manages monies on behalf of minor dependants of deceased retirement fund members. It is the flagship product of Fairheads Benefit Services, Southern Africa's leading independent administrator and service provider to the retirement and fiduciary industries.

MANAGEMENT OF FAIRHEADS UMBRELLA BENEFICIARY FUND

- The beneficiary fund is controlled and managed by a board of trustees which must always consist of at least four trustees, one of whom must be an independent trustee.
- The day-to-day administration of the beneficiary fund is handled by Fairheads Benefit Services (Pty) Ltd.
- The beneficiary fund also has a principal officer, an auditor, and investment managers who are all independent and are appointed by the trustees.

ABOUT INVESTMENTS

- **Independent investment managers,** appointed by the beneficiary fund trustees. Investment managers' performance monitored and reported on a quarterly basis to the trustees.
- **A beneficiary fund investment policy statement** in place, reviewed regularly by the trustees and an independent asset consultant.
- **A unique asset allocation** model developed by Fairheads and an asset consultant, takes into account the member's age, the value of the funds and the income (regular payment) requirements. Each age group has its **own life-stage model** similar to a retirement fund.
- Members are invested in a combination of **three investment vehicles**, depending on their asset allocation.

FAIRHEADS
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