



DEFINED BENEFIT



DEFINED CONTRIBUTION

DE BEERS PENSION FUND

Pensioner Information Booklet



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Please note:

- This is not a legal document. The information in this Pensioner Information Booklet is only a summary of how the Fund is administered. Should there be any dispute, doubt or misunderstanding arising from the content of this Pensioner Information Booklet, the Rules of the Fund will apply in all cases. The full set of Rules can be viewed at or obtained from the registered office of the Fund: 84 Dutoitspan Road, Kimberley, or a copy can be obtained from the Fund's website: www.debeerspensionfund.co.za.
- Nothing in this Pensioner Information Booklet should be regarded as financial advice to members.
- Please feel free to contact the Fund to obtain clarity regarding any of the issues covered in this Booklet.

Introduction

In this section

- What is the purpose of this Pensioner Information Booklet?
- How can the Pensioner Information Booklet help me?
- What is the role of the Trustees?
- What is my role as a pensioner?

What is the purpose of this Pensioner Information Booklet?

The Trustees believe that all its stakeholders should be well informed about the Fund and its activities, processes and operations. In this regard they identified the need for a Pensioner Information Booklet, to provide pensioners and active members with information on the Fund specifically tailored to their needs at the point of retirement. This Booklet is based on feedback and queries received from pensioners and members by the Pension Fund Call Centre and issues raised in various forums. The content also takes into account feedback received from and queries raised by pensioners as well as previous research conducted amongst pensioners, and has been designed to address our pensioners' most frequently asked questions.

How can the Pensioner Information Booklet help me?

The main objectives of this Pensioner Information Booklet are to:

- Provide information on how the Fund is structured and managed;
- Clarify the role of the Fund, its Trustees, its Management and staff and its various stakeholders and service providers;
- Provide information on the benefits that pensioners and their dependants are entitled to receive;
- Provide an overview of how the pensioner assets are invested;
- Outline the Fund's pension increase policy and annual pension increase review process; and
- Provide information about the Fund, pension benefits and administrative processes.

Any suggestions on how we can improve this Pensioner Information Booklet are most welcome and should be directed to the Fund, using the contact details on the inside front cover.

What is the role of the Trustees?

In brief, the role of the Trustees with regard to pensioners is as follows:

- To ensure that the Fund is appropriately managed and governed (as set out in the Fund Rules, the Rulings, the Pension Funds Act (the Act), the associated regulations and other relevant legislation) and that best practice principles in this regard are applied and reviewed on a regular basis;
- To ensure that all pensioners' administration requirements are dealt with in the most professional and efficient manner and with minimum risk;

- To develop and implement an Investment Policy Statement and to invest pensioner assets in accordance with this Policy;
- To consider pension increases on an annual basis taking into account, amongst other things, the Fund's Pension Increase Policy, the performance of the Fund's assets under varying economic circumstances and the impact on the estimated funding level of the Fund at the time that such increases are being considered;
- To maintain appropriate administration services and systems, including a pensioner payroll service, to enable the efficient administration of pension benefits;
- To maintain an efficient system to deal with pensioner queries, complaints and disputes, and
- To maintain ongoing communication with pensioners.

What is my role as a pensioner?

To make the most of your Fund retirement benefits, you need to do the following:

- Understand how the Fund works and what your role is by reading this Pensioner Information Booklet carefully;
- Read all ongoing Fund communication and personalised correspondence sent to you and ensure that you understand it;
- Contact the Fund for clarification if anything in this Booklet (or in other communication from the Fund) is not clear to you;
- Share this Booklet and the information contained therein with your family so that they will know what to do, should something happen to you;
- Ensure that your personal contact (email address, cell number, physical and postal addresses) and banking details (where applicable) are updated timeously whenever they change;
- Participate in the Trustee election process when this takes place – you will receive specific communication from the Fund regarding this event at the time. The elections are held every five years (the next elections will be held in December 2025); and
- When referring to the Pensioner Information Booklet, please make sure that you have the latest copy. The Booklet will be reviewed and published on an annual basis. The version date at the bottom of the cover page may be checked against the version date of the latest copy on the Fund's website (www.debeerspensionfund.co.za) to ensure that the information you are referring to is current. If you do not have internet access, contact the Fund on 053 807 3222 (option 1) to obtain the latest copy.

If you are in receipt of a **living annuity** from the Fund, please consult a Certified Financial Planner before making any decisions that may affect your future financial security, such as increasing your drawdown rate or switching to another investment portfolio. To find a CFP, go to fpimymoney123.co.za/find-a-financial-planner/, or contact the FPI on +27 (0)11 470 6000. You can also find CFPs accredited by the Financial Planning Institutes on www.letsplan.co.za, or the South African Independent Financial Advisers Association on saifaa.co.za. Some SAIFAA members qualify as Certified Post-Retirement Practitioners, who can specifically help pensioners with their financial planning.



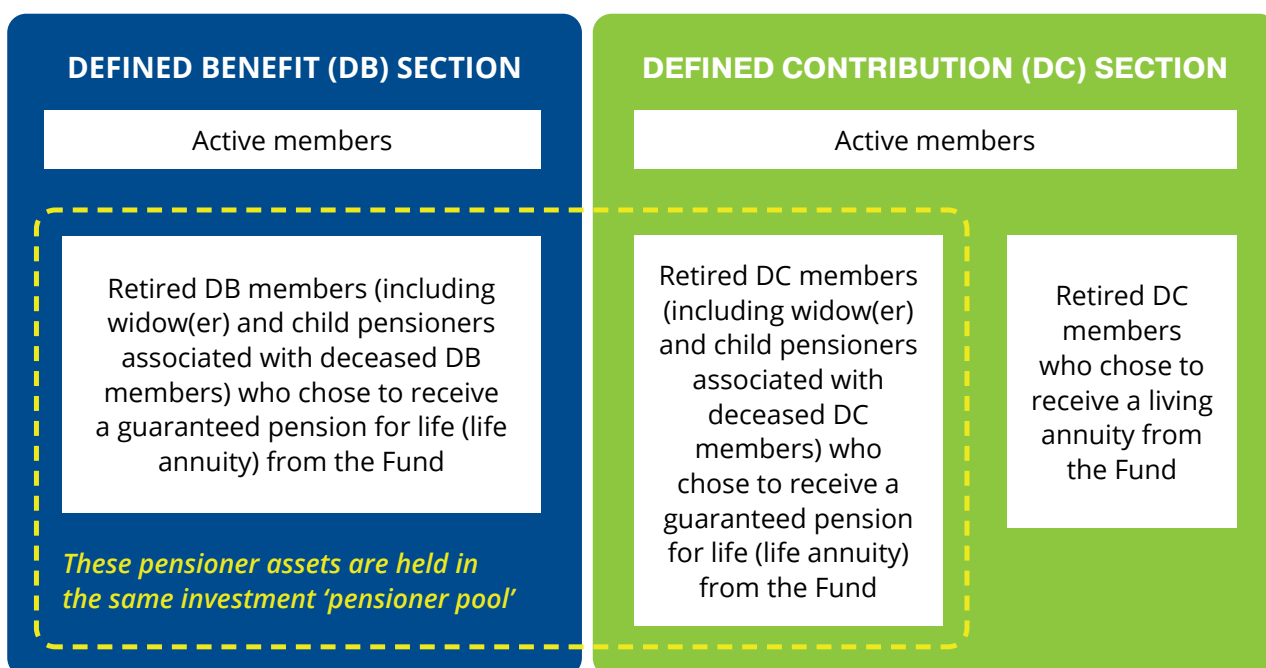
How is the Fund structured?

In this section

- How do the various pensioner (and active member) groupings fit into the Fund?
- What are the different forms of pensions paid by the Fund?
- Can I have more information regarding the DC Living Annuity?
- When will my pension be paid?
- How will my pension be taxed?

How do the various pensioner (and active member) groupings fit into the Fund?

The Fund consists of two sections, namely a Defined Benefit (DB) section and a Defined Contribution (DC) section. The majority of active (working) members belong to the DC section and new working members automatically join the DC section of the Fund. The DB section of the Fund is closed to new entrants.



The assets backing the liabilities of the DB and DC Life Annuity Pensioners are held and managed together in the same “pensioner pool”. See page 14 for more information on the investment of pensioners’ assets and the table below for more information regarding the annual bonus payable to DB pensioners.

What are the different forms of pensions paid by the Fund?

Your pension benefits depend on which section of the Fund you belong to, and, for those in the DC section, the choices you made at retirement. The Fund administers the following pensions:

DEFINED BENEFIT SECTION
As the name suggests, this section ‘promises’ a defined benefit, in other words, a starting pension that is based on a fixed formula that takes into account the member’s years of pensionable service, age and last pensionable salary.
Life Annuity Pensioners This is the Fund’s default Annuity Strategy for retiring DB members in terms of Regulation 39. This pension is payable for the rest of the pensioner’s life and, on the pensioner’s death, a portion is payable to his/her eligible spouse for the rest of his/her life, and to their eligible children, under certain circumstances, for a certain period. Receive pension increases in excess of inflation and an additional ad hoc pension payments equal to 25% of your increased annual pension, both payable in January every year. The ad hoc pension payments are payable if affordable and approved by the Board. See page 15 for more information on pension increases. This pension is guaranteed, but it is not possible to make any changes to your selections after you have retired.



DEFINED CONTRIBUTION SECTION

In this section, the member's benefit is not defined according to a fixed formula (such as for the DB section). Both the active members and the Employers pay contributions at a fixed (defined) rate of pensionable salary. Active members therefore know exactly how much will be contributed towards their retirement, but not how much they will receive at retirement, as this will depend on investment returns since inception, the amount of their Fund Credit and prevailing market conditions at the time of retirement which may impact on the cost of purchasing a pension.

Life Annuity Pensioners

This is the Fund's default Annuity Strategy for retiring DC members in terms of Regulation 39.

This pension is payable for the rest of the pensioner's life and, on the pensioner's death, a portion (ranging from 50% to 100% depending on the option taken at retirement) is payable to his/her eligible spouse for the rest of his/her life. The full pension value can also be guaranteed for an optional period (see page 18 for more information). Once selections in respect of the guaranteed pension (including provision for dependants' pensions) have been made and pension payments have commenced, no changes can be made to the nature of the pension (e.g. dependants cannot be added or removed at a later stage nor can any further contributions be made). See page 18 for more information.

This pension is guaranteed, but it is not possible to make any changes to your selections after you have retired.

Living Annuity Pensioners

This is an elective option on retirement from the DC section and does not form part of the Fund's default Annuity Strategy in terms of Regulation 39.

The living annuity differs from the standard life annuity in that, instead of "buying" a guaranteed pension with your Fund Credit, your Fund Credit is invested (in one of the life-stage portfolios of your choice or the stand-alone cash portfolio) and you elect to draw a percentage of the capital invested as a pension. The main advantage is that your capital is not "lost" when you die and you have some flexibility as to the extent of your monthly pension. The main disadvantages are that you carry the investment and longevity risks and that this option requires careful management. Should your living annuity capital reduce and reach the minimum amount as approved by the Trustees, your living annuity will automatically be converted into a life annuity with the Fund.

You can find more information on this annuity below.

See page 17 for more information on the benefits payable to your dependants (if applicable).

Can I have more information regarding the Defined Contribution (DC) Living Annuity?

Under the living annuity option, the monthly pension is flexible and is determined by the member on an annual basis, only on the anniversary date of their retirement. The minimum legislated draw-down is 2.5% of the available capital per annum. The sub-maximum draw-down (maximum) is determined in accordance with the Fund Rules to offer members some protection against depleting their retirement capital before death.

The more you draw (the higher the percentage draw-down selected), the sooner your capital will be used up. The Trustees have approved sub-maximum percentages that members may draw-down on their capital that are lower than the legislated maximum of 17.5% per annum. The personal sub-maximum draw-down for each individual is determined at the date of retirement and annually thereafter on the anniversary of the member's annuity in accordance with the Fund Rules and the applicable Annuity Strategy Practice Note (available on the Fund website). The sub-maximum draw-down changes and may increase or decrease from year to year. Living annuitants will be notified of any changes on their anniversary.

The income from a living annuity can be adjusted on an annual basis, only on the anniversary of the member's annuity, subject to the SARS and Fund Rule requirements, between the minimum of 2.5% (of the capital balance) and the sub-maximum draw-down (of the capital balance) permitted by the Fund Rules. On the anniversary date of the annuity, a living annuitant may change – within the minimum and sub-maximum range defined at the time of retirement or annually thereafter – the percentage that he/she is drawing from the capital amount as an income (pension). In addition to the sub-maximum draw-down, Trustee-recommended maximum draw-downs have been put in place to give living annuitants an indication of a sustainable draw-down rate for pensioners in various age groups. Although you will be able to draw at a higher rate than the Trustee-recommended maximum (subject to the Fund sub-maximum for your age), you are strongly encouraged to consider your personal circumstances in light of the Trustee-recommended maximum draw-down for your age. These may also change on an annual basis and you will be notified of any such changes.

The sustainability of your draw-down rate is dependent on a number of factors, including your life expectancy, your elected draw-down rate and the performance of the investments underlying your living annuity capital. Importantly, the Fund cannot guarantee that your living annuity capital will be sufficient to provide you with a reasonable level of income for life, even if you draw at no more than the sub-maximum or Trustee-recommended maximum over time as you carry the investment risk.

Should the remaining capital in your living annuity account drop to below a balance as approved by the Board annually, the living annuity will automatically be converted to a life annuity.

If you elected to purchase an in-Fund living annuity at retirement, you have the option to convert this (or a portion thereof) into a life annuity (pension) after retirement over a maximum of two tranches. Should a pensioner elect to convert over two tranches, the first tranche can only be converted on the anniversary date of the living annuity. The second tranche may however be converted at any time. Please note that if you elect to convert to a life annuity, you cannot re-convert back to a living annuity. You also have the option to transfer your living annuity capital or part thereof (subject to certain requirements from SARS and limitations as set by the Board) to an outside insurer at a future date. However, you will not be able to transfer your capital back to the Fund at any future point.

The Board strongly encourages living annuitants to draw-down at no more than the following rate per age bracket per annum:

AGE GROUP	MAXIMUM DRAW-DOWN RATE
50 - 54	4.0%
55 - 59	4.5%
60 - 64	5.0%
65 - 69	5.5%
70 - 74	6.5%
75 - 79	8.0%
80 - 82	10.0%
83 - 85	12.5%
86 - 88	15.0%
Over 89	17.5%



When will my pension be paid?

Pensions are paid on the 23rd of each month by electronic funds transfer (EFT) only. Should the 23rd fall on a Saturday or a public holiday, pensions will be paid on the Friday or other day preceding the 23rd. If the 23rd is a Sunday, pensions will be paid on the following working day, being the 24th. In response to previous requests in this regard, December pensions will, where possible, be paid three calendar days prior to Christmas. This will result in a slightly earlier annual December pension pay date.

How will my pension be taxed?

When you retire, your pension payments are taxed as normal income and standard tax tables are used to calculate your income tax based on your pension payments only. SARS does, however, allow rebates for pensioners over the age of 65 and a further rebate for pensioners over the age of 75. This is programmed into the Fund's pensioner payroll and administered accordingly. Please note that the Fund is not able to take account of any additional income or allowable deductions you may receive from other sources and you need to provide for potentially higher annual tax payments. Please consult your Tax Advisor or SARS in this regard.

Pensioners with foreign pensionable service should contact the Fund for more information in this regard.



How secure is my pension?

In this section

- Will my pension be affected by any events related to the Employer (De Beers)?
- What effect do the active members in the Fund potentially have on my pension?
- How will negative investment performance impact my pension?

Will my pension be affected by any events related to the Employer (De Beers)?

It is important to remember that the De Beers Pension Fund is a separate legal entity that is managed and run independently from the De Beers Group of Companies. Even so, the Employer remains a key stakeholder in the Fund. Apart from the overall fact that it has a vested interest in ensuring that there is a well-managed, competitively positioned retirement fund in place for its employees and pensioners, the following issues are relevant in relation to pensioners:

- The Employer has an interest in ensuring that reasonable returns are earned on investments related to pensioners;
- The Employer wishes to see that pensioners are treated fairly and receive good and professional service from the Fund; and
- Most importantly, the Employer guarantees the value of all current pensions (life annuities) in payment (except for those pensioners who elect to purchase living annuities). This guarantee applies only to the level of your current life annuity pension (which may never reduce) - it does not extend to pension increases in future which have not yet been granted. This places a significant onus on the Employer to ensure that the Fund is well managed in order to protect its own interests (which is also one of the reasons why it nominates half of the Trustees serving on the Board and as a rule nominates people with the necessary qualifications, skill and experience to fulfil this role.)

Even though the Employer guarantees life annuity pensions, the likelihood of the need for the Employer to support the Fund in the event of a deficit arising in pensioner investments supporting life annuity pensions is greatly lessened by:

- The regular valuation of the Fund's liabilities, the comparison of these to the relevant Fund assets by the independent Fund Actuary and the review and approval of the valuation by the FSCA;
- The fact that the Fund has significant contingency reserves in place which are all currently fully funded;

- Appropriate asset allocation and hedging strategies, with the aim of hedging 100% of the estimated liabilities, are in place and reviewed on a regular basis;
- A realistic pensioner increase policy agreed to by the Employer; and
- The professional manner in which the Fund is managed.

Given the Fund's current funding levels, should De Beers decide to terminate its activities in South Africa, pensioners' benefits should be protected and the reasonable benefit expectations of pensioners should be met going forward. The actions of De Beers should therefore not have an impact on pensioners' benefits in any way. Put differently, it is unlikely that De Beers would be required to step in to fund deficits insofar as pensioner benefits are concerned.

What effect do the active members in the Fund potentially have on my pension?

As the assets of the active members and pensioners are invested and managed in separate investment pools, and the DB and DC (life annuitants) pensioners' assets are invested in a combined pensioner pool, changes in the number of active members in the Fund (in either section) cannot have any effect on your pension.

How will negative investment performance impact my pension?

Inevitably, there will be times when investments do not perform well or may even decrease in value. When this happens, it is normal to be concerned about one's savings and pension. However, it is important not to panic – stay focused on your long-term goals and keep in mind that your pension portfolio is invested in a range of asset classes and not just invested in equities (shares). The Fund's assets are managed by a variety of specialist local and foreign shares, hedge funds, bond and cash investment managers with proven track records. This gives pensioners the benefit of having some of the best investment managers looking after their interests.

As an example, recent years have been characterised by global economic and political uncertainty. In line with global markets, the South African investment market also experienced a large amount of volatility with sharp declines and rises over relatively short periods. However, due to the Board having adopted a diversified investment strategy, the impact of volatility has not been as severe as it could have been had all the Fund's assets, for example, been invested fully in one asset class. See page 14 regarding further protection of the pensioner assets.

DEFINED BENEFIT SECTION	DEFINED CONTRIBUTION SECTION	
Defined Benefit Pensioners	Life Annuity Pensioners	Living Annuity Pensioners
Your pension is guaranteed and any pension increases that have been granted cannot be taken away. However, a crisis in the financial markets could result in an increase that is lower than inflation (or no increase at all) in a year during which the pensioner assets have been negatively impacted by market conditions (as happened in 2009).		Your capital (and hence, your pension over time) will be directly impacted by both negative and positive market conditions as well as any personal choices made by you to switch between portfolios.

See section 4, 'How are the Fund's pensioner assets invested?', for more information.



How are the Fund's pensioner assets invested?

In this section

- What is the Fund's approach to investments?
- What are the Fund's Reserve Accounts used for?
- How are the pensioners' assets invested?

What is the Fund's approach to investments?

The assets in each of the different sections of the Fund are ring-fenced (kept separate) and are managed according to investment strategies designed to meet the specific objectives of that section of the Fund. For example, the objective of a DC section working member is very different to that of the DB pensioner, and the assets are managed differently and separately to meet those varying objectives. There will therefore be no impact on pensioners should the investments in the working members' pool perform poorly, and the other way around.

The Fund's Investment Board Committee makes use of asset consultants to advise it on investment-related matters. The investments of the Fund are aligned to a specific investment strategy and return objectives. This investment strategy is captured in a formally agreed document called the Investment Policy Statement, which is reviewed by the Investment Board Committee and approved by the Board at least annually. A summary of the annual updates to this Policy is communicated to members. The Investment Policy Statement is also available on the Fund's website (www.debeerspensionfund.co.za) or directly from the Fund.

The Board (through the Fund's Investment Board Committee) mandates investment managers to manage the Fund's investments and regularly monitors their investment activities and investment returns. This is done on an ongoing basis to ensure that all managers adhere to their mandates.

A number of investment managers who are specialists in specific asset classes (shares, bonds and cash) have been appointed to manage the Fund's investments in these specific asset classes.

What are the Fund's Reserve Accounts used for?

The Fund has set up specific reserves to provide for unforeseen and unplanned events. Some of the reserves are set aside for specific sections of the Fund, while others are set aside for the Fund as a whole. These reserves are all currently fully funded as verified by the Fund's Actuary in the latest (1 March 2022) statutory valuation of the Fund, further confirming the sound financial status of the Fund.

How are the pensioners' assets invested?

DEFINED BENEFIT SECTION	DEFINED CONTRIBUTION SECTION	
Defined Benefit Pensioners	Life Annuity Pensioners	Living Annuity Pensioners
The assets of DB and DC pensioners (life annuitants) are managed in a combined pensioner investment pool invested predominantly in low risk cash flow matching structures and a liability driven investment portfolio with the balance being invested in growth assets. One of the benefits of the liability driven investment portfolio is that in periods of increased volatility (such as experienced in 2009 and 2020), the asset/liability matching strategy ensures that the solvency level remains very stable. The pensioner investment pool is large enough to allow the Fund to target inflation-linked increases for life annuitants into the future. A long-term investment strategy is applied to the pensioner pool because of the regular flow of new entrants from the DC section who opt to take in-Fund life annuities. If the DB pensioner pool was kept separate, the total assets in this pool would, in time, decline because there would be no new retirees entering into the pool. The effect of such a closed pool would have been that, over time, the Fund would have needed to follow a more conservative investment strategy. By being able to adopt a longer term investment horizon, the pensioner pool has a better prospect of earning higher returns over the long-term (although this cannot be guaranteed) through being partially invested in growth assets such as shares. If higher returns are indeed earned, this will translate into better pension increases. The Fund will also be in a position to grant all pensioners the same increase, which prevents the confusion inherent in granting different increases to DB and DC section pensioners or to pensioners who have retired at different dates.	Pensioners who opt to purchase a living annuity at retirement are required to choose the portfolio into which their capital is to be invested. The available portfolios are the same as those available to DC active members, namely portfolios with varying proportions of shares, bonds and cash. The living annuity pensioner assumes both the investment risk and longevity risk with this type of pension. The major risk is that the growth in the selected portfolio is smaller than the amount that the pensioner withdraws from his or her living annuity capital. This type of pension requires ongoing management and requires advice from a certified financial adviser to ensure that the pensioner does not run out of money over time by out-living his or her capital. See page 9 for more information.	

The Fund's Investment Policy Statement detailing the various investment strategies is available on the Fund's website at debeerspensionfund.co.za/library/fund-policies.



How are annual increases to guaranteed pensions determined?

In this section

- What is the Fund's pension increase policy for Life Annuitant pensioners?
- How are the pension increases determined for the various pensioner categories?
- What process is followed in deciding on increases to guaranteed DB and DC pensions?
- What pension increases have historically been granted by the Fund?

What is the Fund's pension increase policy for Life Annuitant pensioners?

Taking into account the requirements of the Act, the Fund aims to grant annual pension increases to existing pensioners in receipt of a life annuity (as well as DB deferred and paid-up pensioners). These increases are, however, subject to their affordability as determined by the Trustees relying on the advice of the Fund Actuary.

The annual increase, when affordable, is effective from 1 January each year and targets, but is not guaranteed, to be equal to the year-on-year increase in the "Headline" Consumer Price Index (as published by Statistics South Africa) (CPI) over the 12 month period ending on 30 September of the preceding year.

The pension increase policy applies to DB pensioners and DC pensioners in receipt of a life annuity from the Fund and is available on the Fund's website or directly from the Fund.

How are the pension increases determined for the various pensioner groupings?

DEFINED BENEFIT SECTION	DEFINED CONTRIBUTION SECTION	
Defined Benefit Pensioners	Life Annuity Pensioners	Living Annuity Pensioners
Pensions payable to DB and DC life annuitant pensioners are usually increased in January of each year. The aim of the increase is to protect the buying power of the pension – in other words, to have it keep up with inflation. Although this cannot be guaranteed, the annual increase attempts to ensure that, as the years pass, the pension keeps up with inflation. Once pension increases have been granted, these increases cannot be reversed.		Living annuitants determine their own increases (if any), but have to do so very carefully so that they do not deplete their capital too soon. The current value of the capital invested, which investment portfolio this capital is invested in and the draw-down rate elected by the pensioner (subject to the sub-maximum required in the Fund Rules) will also impact on this.

What process is followed in deciding on increases to guaranteed Defined Benefit (DB) and DC pensions?

Provided the Fund can afford it, the Trustees target the annual increase in pensions to be in line with the percentage increase in the official CPI as published by Statistics South Africa for the 12 month period ending on 30 September of the preceding year. This is in line with the Fund's pension increase policy.

Every year, the Fund Actuary reviews the returns earned on the ring-fenced pensioner assets and, bearing in mind the long-term liabilities of the Fund in relation to pensioners and the increase policy, makes affordable pension increase recommendations to the Trustees, who then make the final decision in terms of the policy. Any increase in life annuities in excess of inflation is subject to the approval of the Principal Employer.

What pension increases have historically been granted by the Fund?

The history of the Fund's pension increases in meeting the CPI-linked pension increase target can be viewed on the Fund's website, debeerspensionfund.co.za, under Pensioners > Life Annuitants > Pension Increases.

What benefits do my dependants qualify for after my death?

In this section

- What benefits will my spouse and/or children qualify for after my death?
- Can a spouse's pension change as a result of certain events, such as divorce or remarriage?
- What must my family do to claim my death benefits?
- What if my death is not reported?
- How would the Trustees know who should receive a DB pensioner's lump sum death benefit?
- Do DC pensioners qualify for a lump sum death benefit?

What benefits will my spouse and/or children qualify for after my death?

DEFINED BENEFIT SECTION

The following death benefits will be paid on the death of a DB principal pensioner:

A cash lump sum* equal to three times the pensioner's last monthly pension or a minimum lump sum amount payable (adjusted annually),

PLUS

a monthly pension to the surviving eligible spouse and eligible dependant children, if applicable. The size of these pensions will depend on the option that you chose at retirement.

The spouse's pension will be equal to between 66% and 100% (depending on the retirement option selected) of the pension payable at the time of death of the principal pensioner, payable for the rest of the spouse's life, provided that the marriage took place at least one year before the member retired and that they were still married (no divorce or remarriage) at the time of the principal pensioner's death.

The child's pension will be equal to between 17% and 25% (depending on the retirement option selected) if there is only one child, or between 34% and 50% (depending on the retirement option selected) if there are two or more children, of the gross pension being paid at the date of death, provided the children were born before the member retired. Child pensions are paid until the child reaches the age of 18 years or until age 25 if they continue studying full time at a recognised tertiary educational institution registered with the Department of Education.

If there is no spouse, the child pension will be increased from 17% to 40% if there is only one child or from 25% to 60% if there are two or more children (depending on the lump sum taken at retirement).

* See 'How would the Trustees know who should receive a DB pensioner's lump sum death benefit?' on page 20 for more information.

DEFINITION OF "SPOUSE"

For the purposes of this Booklet, spouse means a person married or deemed by the Board to have been married to a pensioner at the date of his/her death and who was married or deemed by the Board to have been married to the pensioner **for a year or more prior to** his retirement.

DEFINED CONTRIBUTION SECTION

Life Annuity Pensioners

The following death benefit will be paid on the death of a DC principal pensioner:

A spouse's pension (for the rest of his/her life) of a minimum of 50% of the pension that you were receiving as a pensioner at the time of death. (The value will depend on the option that you chose at retirement.) If you have no spouse, the spouse's pension will not apply.

Your pension can be guaranteed at full value for an optional period of zero, five, 10, 15, 20 or 25 years after your retirement, which means that, should you and/or your spouse die within the selected guarantee period of retiring, a benefit will be payable for the remainder of the selected guarantee period. The elected spouse's pension amount will be payable after this period lapses if applicable.

Death of a DC Life Annuitant within the guarantee period.

Should you as the principal member have elected to purchase a life annuity with a guarantee period (five, 10, 15, 20 or 25 years) at the time of retirement and you pass away before the guarantee period has expired, then your spouse will continue to receive the same pension that you were receiving prior to your death for the remainder of the guarantee period. Thereafter the pension will revert to the level of the surviving spouse pension chosen by you when you retired. Should your spouse also pass away within the guarantee period, the Fund Actuary will determine the lump sum equivalent of the full pension payable for the remainder of the guarantee period and this will be allocated by the Trustees in terms of Section 37C of the Act. Please note that Section 37C requires that all dependants and nominees are considered by the Trustees to allow for an equitable distribution of benefits. The member's wishes in this regard (nomination form) are considered as far as possible.

Living Annuity Pensioners

If you elected to purchase a living annuity at retirement, your spouse may elect to be paid a monthly annuity (living annuity or life annuity) or a cash lump sum (taxable) or a combination of a lump sum and a monthly annuity (living annuity or life annuity) in the event of your death. Your spouse will also have the option to purchase an annuity from an outside insurer, or a combination, with an in-Fund annuity and one from an outside insurer.

In the event of there being no spouse or qualifying dependants, the remaining capital will be allocated by the Trustees in terms of Section 37C of the Act. Please note that Section 37C requires that all dependants and nominees are considered by the Trustees to allow for an equitable distribution of benefits. The member's wishes in this regard (nomination form) are considered as far as possible.

Can a spouse's pension change as a result of certain events, such as divorce or remarriage?

The payment of a spouse's pension to an eligible surviving spouse is explained in the table below for certain life events:

DEFINED BENEFIT SECTION	DEFINED CONTRIBUTION SECTION	
Defined Benefit Pensioners	Life Annuity Pensioners	Living Annuity Pensioners
Will an ex-spouse, whom I divorced after retirement, qualify for a spouse's pension if I die?		
No.	Yes, even in the case of divorce after retirement, your ex-spouse will still qualify for a spouse's pension, should you die (except to the extent that the divorce agreement provides otherwise).	No spouse pension is payable to the ex-spouse other than in circumstances described below, e.g. under Section 37C on death.
Will a new spouse, whom I marry after retirement, qualify for a pension?		
If you get married after your retirement, no spouse's pension will be payable to the spouse concerned.	If you get married after your retirement, no spouse's pension will be payable to the spouse concerned.	To qualify for a pension, the spouse needs to be considered a dependant to whom the Trustees may allocate some or all of the remaining living annuity capital in terms of Section 37C of the Act.
Will a surviving spouse lose his/her pension if he/she remarries?		
If a surviving spouse of a principal pensioner receives a pension from the Fund and remarries, his/her pension will continue to be paid for the rest of his/her life. However, when the surviving spouse dies, the spouse he/she married will not qualify for any benefit.	If a surviving spouse of a principal pensioner receives a pension from the Fund and remarries, his/her pension will continue to be paid for the rest of his/her life. However, when the surviving spouse dies, the spouse he/she married will not qualify for any benefit.	The pension will continue to be paid to your surviving spouse (if applicable) after his/her remarriage. When your spouse dies, any remaining capital will be allocated by the Trustees in terms of Section 37C of the Act.

What must my family do to claim my death benefits?

In the event of your death, your family should contact the Fund on the contact details reflected on your pensioner card or on the inside front cover of this Information Booklet in order to report the death as soon as possible.

The Fund will in turn provide the required forms for completion and submission along with certified copies of the following documents:

1. Identity documents of dependants;
2. Death certificate; and
3. Marriage certificate (customary certificates where applicable) and birth certificates of children indicating both parents' names, where applicable.

Certain additional forms also need to be completed and returned to the Fund. The Fund will send these to your dependants after it has received the above documents, or on request.

What if my death is not reported?

If your dependants do not report your death, no death benefits can be processed. Dependants are not allowed to continue to draw the pension in your name – to do so amounts to fraud and may result in legal action being taken against them. It is important to inform your spouse and dependants to report your death immediately.

How would the Trustees know who should receive a DB pensioner's lump sum death benefit?

In terms of the Rules of the Fund, the Fund will in the majority of cases pay the death benefit in the same proportion to the pensions payable to the eligible spouse and children (under age 25). If there is no spouse, the children (under age 25) will receive a larger benefit.

In cases where you do not have an eligible spouse or eligible children under age 25, a Beneficiary Nomination Form should be completed by all DB principal pensioners and updated as required. This form relates to the cash lump sum benefit payable by the Fund to the dependants of DB pensioners and any Section 37C distributions only. A copy of the form is available from the Fund or from the Fund's website, (www.debeerspensionfund.co.za). Please note that spouse and student pensioners do not have to complete a beneficiary nomination form as no death benefit is payable in the event of their death.

By completing and regularly updating a Beneficiary Nomination Form whenever your personal circumstances change, you can help guide the Trustees to pay your death benefit to the right people. However, it is important to note that this form is purely a guideline to the Trustees and that the ultimate decision rests with the Trustees, who are required by the Act to take all circumstances and financial dependencies into account.

Do DC pensioners qualify for a lump sum death benefit?

No, the Rules governing the payment of DC life annuities do not make provision for the payment of a cash lump sum on the death of a principal DC life annuitant pensioner.



How should pensioners ensure the continued payment of benefits?

In this section

- What if my address, banking or personal details change?
- Is it possible for a pensioner to be paid by cheque?
- Who will receive a Life Certificate and what should be done with it?
- What is a student pensioner and how should he/she ensure that his/her student pension continues to be paid?

What if my address, banking or personal details change?

Please advise the Fund in writing (fax, email, post) of any change of your address (email, postal or residential), banking or personal details and please send the required documentary proof in this regard to the Fund. If you are changing your banking details, you may post, email or fax the updated detail to the Fund. The Fund is able to validate changed bank details for the major banks through Standard Bank except in the case of Capitec Bank and Bidvest Bank. If your new bank account is with Capitec or Bidvest Bank, an original Capitec Bank or Bidvest Bank confirmation will need to be posted to the Fund. In all cases of banking detail changes, the Fund must receive the new information before the first day of the month in which the change is required.

Is it possible for a pensioner to be paid by cheque?

The Fund requires all pensioners to open and maintain a bank account in their name to ensure that the monthly pension can be transferred directly from the Fund into their bank accounts – no cheques are issued. If you do need to open a new bank account, please inform the Fund timeously of the change, provide the required documentary proof and request payment of your next pension to the new account.

Who will receive a Life Certificate and what should be done with it?

Pension funds need to confirm that pensioners are still alive and that the correct person is therefore still in receipt of the pension. In the case of the De Beers Pension Fund, the Fund confirms the status of pensioners resident in South Africa with the Department of Home Affairs on a monthly basis, so South African residents will not receive a Life Certificate.

If you are a pensioner not resident in South Africa, verification with the Department of Home Affairs is not possible. The Fund will therefore send you a Life Certificate in June and December each year for completion. Given potential postal issues and past experience, emails are the preferred route of delivery and it is suggested that you use the email address of a family member, friend, or adviser if you do not have your own email address. You should advise the Fund that you wish to receive your Life Certificates via email as soon as possible. All other Fund communication (including Life Certificates) will then also be emailed to you. This process is more efficient and ensures a more timely management process regarding Life Certificates.

What to do with the Life Certificate if you are a pensioner not resident in South Africa:

Step 1: Take the certificate, together with your identity document or passport, to one of the officials listed on the certificate, in other words a commissioner of oaths such as the police, village chief or a school principal.

Step 2: Sign the certificate in the presence of this official.

Step 3: Have the official sign and stamp the certificate.

Step 4: The life certificate can be posted, emailed or faxed to the Fund, provided it is clear and visible to read. Especially the commissioner stamp must be visible.*

** Reminder letters are sent out in January and February (for original certificates sent in December) and then again July and August (for original certificates sent in June) to those pensioners who did not return their Life Certificates. Failure to return the Life Certificate timeously to the Fund will result in your pension payment being suspended in March or September respectively.*

What is a student pensioner and how should he/she ensure that his/her student pension continues to be paid?

DB student pensioners

If a DB pensioner member dies, his/her children (where applicable) qualify for a child pension until they reach the age of 18 years or until age 25 if they continue studying full time at a recognised tertiary educational institution registered with the Department of Education. Therefore if the child of a DB pensioner studies full time at an approved educational institution, he/she will qualify for a student pension until reaching age 25, or the age that he/she stops studying before reaching

age 25. The final pension payment will be at the end of the month in which the student turns 25 or the month the child stops studying, whichever occurs first.

In December each year a student form is sent directly to the DB student pensioner which he/she needs to complete and have certified by the educational institution where his/her studies will commence the following year. This form, together with the year-end results of the previous year, must be returned to the Fund by the end of the January of the following year to ensure that the student pension is paid.

In June of each year, a form is sent directly from the Fund to the educational institution where the DB student pensioner is studying and copied to the student concerned. The institution is required to verify that the student is in fact still studying at that institution. Should the form not be returned to the Fund by the end of August, the pension will be suspended as from the September payroll. It remains the student's responsibility to ensure that the institution completes and returns the form to the Fund. Where applicable, those student pensioners who write exams on a semester or trimester basis must submit these results to the Fund to ensure the continued payment of pensions.

Please note that DB student pensions will be terminated should the student fail two years in a row.

DC life annuitant student pensioners

In the case of a DC pensioner member, the child pension is payable until age 21 or 25 depending on the option chosen by the pensioner/beneficiary at retirement/death of the working member.

Please note that the Fund will only accept original completed forms, exam results and forms certified by the institution; no emailed or faxed copies will be accepted.



Who manages the Fund and my pension?

In this section

- Who manages the Fund?
- How are the Trustees elected/appointed and what role can I play?
- What are the Trustees responsible for?
- Who administers my pension?
- What are the benefits to me of having my pension administered in-house?
- Who are the Fund's service providers?
- What is the role of the Financial Sector Conduct Authority (FSCA)?

Who manages the Fund?

The De Beers Pension Fund is managed by a Board of Trustees (the Board), totally independently from any other fund and from any Employer. Decisions are taken by the Board for the overall benefit of all members of the Fund. Considerable effort is put into training to ensure that Trustees are empowered to act in the best interest of the Fund and all of its members.

The Board is backed up by a professional and committed management and administration team employed by the Fund and based in Kimberley and headed up by the Principal Officer, as well as professional advisers recognised as industry leaders. All administration activities are conducted in a manner to ensure that all Fund members and pensioners are treated in a fair and transparent manner.

How are the Trustees elected/appointed and what role can I play?

The Rules of the Fund provide for a Board consisting of 14 Trustees, half of whom (seven) must be elected by members of the Fund, and the other half (seven) appointed by the Employer. The Employer takes account of the skill set required by the Fund in appointing Trustees. Although there are both member-elected and Employer-appointed Trustees on the Board, once appointed

to the Board, the Trustees have a fiduciary responsibility to the Fund and all of its members and not to their original constituencies or the Employer. All Trustees are therefore required to act in the best interest of the Fund and all of its members.

Member interests are represented on the Board by Trustees elected from three stakeholder groups and appointed by the Principal Employer. A stakeholder group is a defined group of members who collectively elect or appoint a Trustee to the Board. However, once elected or appointed, **ALL** Trustees have a fiduciary duty to act in the best interests of the Fund and its members, and NOT to act in the interest of a particular group only.

Of the seven member-elected Trustees, three are elected by working members who are members of the National Union of Mineworkers (NUM), one Trustee is elected by pensioners who were members of the NUM at retirement, one Trustee is elected by non-unionised working members and two Trustees are elected by pensioners who were not unionised at retirement.

Full information is provided at the time of each Trustee election (which takes place every five years – the next election is due to take place in December 2025). When nominating or electing Trustees, make sure you choose individuals who you can trust to represent the interests of members and pensioners and who have the skills to do so.

What are the Trustees responsible for?

The duties and responsibilities of the Trustees are outlined in a number of laws, regulations, codes and guidelines (including the King Report on Corporate Governance, the FSCA's Pension Fund Circular no 130 and the Code for Responsible Investing in South Africa), the Fund Rules and other Fund policies and governance documents. They are required to act in accordance with these and with the applicable legal principles, including:

- Statutory Law, for example, the Pension Funds Act, Income Tax Act, Protection of Personal Information Act, Treating Customers Fairly, etc.
- Common Law Principles
- Customary Law
- Fund documents such as Fund Rules, Policies and Practice notes
- FSCA regulations and guidelines

The collective duties of the Trustees broadly include, but are not limited to, the following:

- Directing the affairs of the Fund and acting in the best interest of the Fund and all its members
- Selecting and managing appropriate service providers such as investment managers, an actuary, an investment advisor and legal advisors
- Distributing death benefits to spouse/s, dependants or nominees
- Communicating regularly with members and pensioners
- Responding to disputes and avoiding conflicts of interest
- Knowing and understanding the Rules of the Fund
- Managing the Fund within the parameters of the Act, associated regulations and any other applicable laws

- Ensuring that the fair treatment of members, pensioners and other beneficiaries is firmly entrenched in the Fund's culture, is a pivotal principle in its dealings with these stakeholders and includes the following outcomes as provided for in the FSCA's Treating Members Fairly (TMF) framework:
 - Pensioners should be confident that they are dealing with a fund where the fair treatment of pensioners are central to the Fund's culture.
 - Products and choices available to pensioners from the Fund are designed to meet the needs of pensioners and are communicated appropriately.
 - Pensioners are given clear information and are kept appropriately informed before, during and after making a Fund election.
 - Where pensioners receive information, such information is suitable and takes account of their circumstances.
 - Pensioners are provided with benefits that perform as the Fund has led them to expect, and the associated service is both of an acceptable standard and what they have been led to expect.
 - Pensioners do not face unreasonable post-election barriers to change options, switch to an external provider, submit a claim or make a complaint.
- Ensuring that corporate governance guidelines are adhered to and that sound governance principles are applied in managing the affairs of the Fund.

In order to provide for improved efficiency in the management of the affairs of the Fund, the Board has established the following Board Committees, which operate in accordance with documented, approved terms of reference and report back to the Board on a regular basis:

- Actuarial Board Committee
- Audit and Risk Board Committee
- Communication and Education Board Committee
- Death Benefit Board Committee
- Disciplinary Board Committee
- Ill-Health Retirement Board Committee
- Investment Board Committee
- Remuneration Board Committee

Additional ad-hoc Board Committees are established as and when required.

Where appropriate, Committee members receive specialised training to assist them in performing their duties.

The Fund and the Board maintain a firm focus on upholding the highest standards of corporate governance as well as proactively monitoring and managing risks and challenges. The Fund continues to strive to improve governance structures by conducting regular governance reviews. Risk management and mitigation is embedded in the performance of day-to-day operations and reported on at Board level.

Who administers my pension?

The Fund is self-administered by an in-house team in Kimberley, headed up by the Principal Officer who reports to the Board. As the Fund is a restricted fund, it means that only De Beers employees and retired De Beers employees may be members.

What are the benefits to me of having my pension administered in-house?

Proven Stability

The Fund has been in existence since the 1950s and has a proven track record of sound administration as a result of its professional approach and adherence to high governance standards. It knows and understands the needs and expectations of its membership and strives to provide personalised service. The Fund's track record in terms of its ability to grant inflation-linked pension increases over time is also noteworthy.

Minimised Costs

As a restricted and self-administered retirement fund, the Fund has one focus only – to offer members benefits that meet their reasonable expectations and service at the lowest possible cost. There is no profit motive whatsoever. A pension fund sponsored by a commercial insurance company or administered by a third party administrator usually faces much higher administration, broker and investment fees (and, indirectly, advertising costs) – after all, the insurance and /or administration company has to show a profit from its operations and pay dividends to its shareholders!

Service Levels

Fund staff members are committed to superior levels of personalised service. Staff members understand De Beers people and very often know members and pensioners by name and are therefore ideally placed to provide unparalleled levels of personal service.

Who are the Fund's service providers?

The Fund makes use of several service and assurance providers for management and administration purposes, to advise it on technical matters and in some instances to provide services to it. These service providers are considered to be industry leaders in their respective fields and the Fund is proud to be associated with them. They play an important role in ensuring the maintenance of governance within the Fund and effective decision making by the Trustees. An up-to-date list of the Fund's service providers and a brief description of the role that each one fulfils can be found in the Fund's Annual Review, which is published in August each year and is available on the Fund's website, debeerspensionfund.co.za.

What is the role of the Financial Sector Conduct Authority (FSCA)?

The FSCA is an independent regulatory body established by law to oversee, amongst others, the activities of pension funds and the market conduct of institutions that operate within the retirement fund industry. The FSCA is committed to promoting and maintaining a sound financial investment environment in South Africa. This independent regulator is responsible for the approval of the Fund Rules, the actuarial valuation reports and the appointment of the Principal Officer, as well as for overseeing all regulatory compliance by pension funds in South Africa. Regulatory compliance is monitored through regular reporting by the Fund and compliance audits by FSCA staff.



How can I keep in contact with the Fund?

In this section

- What communication can I expect to receive from the Fund?
- Why do some pensioners only receive emailed communication, instead of printed documents?
- How can I contact the Fund?

What communication can I expect to receive from the Fund?

The Fund welcomes any and all interaction with pensioners. Pensioners will receive the following written communication:

- **Pensioner Focus** – a bi-annual newsletter for pensioners, including pensioner increase notifications;
- **Personal letters** – when necessary, pensioners are informed individually of issues that pertain to their pension or other personal matters;
- The Fund's **Annual Review** publication;
- The information posted on the Fund's modern and up-to-date **website**, with a dedicated section for pensioners. The website can be accessed on www.debeerspensionfund.co.za
- **Monthly payslips** – sent to pensioners who belong to the De Beers Benefit Society, as their net pension varies on a monthly basis;
- **Payslips in respect of pensioners who do not belong to the De Beers Benefit Society** – sent when required, for example, when pensions are increased, when there are tax changes and when there are changes to the net pension received (DB pensioners also receive a payslip when annual bonuses are paid);

- **Ad hoc Newsflashes** emailed and posted on the website to alert members to specific issues.
- An **IRP5 or IT3** form at the end of each tax year; and
- A monthly **statement** for pensioners with living annuities.

Why do some pensioners only receive emailed communication, instead of printed documents?

The Fund prefers to distribute written communication to pensioners via email, where possible. This has the benefit of speeding up communication, reducing costs and ensuring delivery: a win-win solution for all. If you have an email address and have not already done so, please register your email address by sending an email to pensionpost@dbpf.co.za and requesting that your email address be registered.

How can I contact the Fund?

The Fund can be contacted in the following ways:

- The dedicated telephone number printed on your pensioner card
- **Email:** pensionpost@dbpf.co.za
- **Fax:** 053 807 3500
- **Switchboard:** 053 807 3222 (option 1)
- By accessing The Fund's **website** – www.debeerspensionfund.co.za



What if I have a complaint?

In this section

- How can I lodge a complaint against the Fund?
- What can I do if the Fund does not resolve my complaint?

How can I lodge a complaint against the Fund?

If you feel that you have a legitimate complaint against the Fund, there is a process in place for you to lodge a formal complaint. Typically, complaints regarding administration, investment, benefit payments or the interpretation and application of the Fund Rules may be lodged.

You are encouraged to discuss any complaints or queries you may have with the relevant Fund Official(s). If you are not satisfied with the response you receive, you can follow the steps below:

Send your written complaint to:

The Principal Officer, De Beers Pension Fund, PO Box 1922, Kimberley, 8300

OR Fax: +27 (0)53 807 3500

OR Email: pensionpost@dbpf.co.za

Include all relevant facts and details. You may also meet with the Principal Officer or another Fund Official, should you be unable to submit a written complaint. The Principal Officer will respond to your complaint within a maximum period of 30 calendar days. Every effort will be made to resolve member complaints and to do so as speedily as possible.

What can I do if the Fund does not resolve my complaint?

Where complaints cannot be resolved by the Fund, or if you are not satisfied with the response received from the Fund, you can refer complaints to do with the administration of the Fund, the investment of its assets or the application of its Rules to the Pension Fund Adjudicator. In order to ensure the efficient handling of your complaint, include all relevant information in your communication.

Pension Fund Adjudicator
PO Box 580, Menlyn 0063

After the Adjudicator has made his/her decision, both you and the Fund have six weeks in which to appeal to the High Court against this decision. After six weeks, the decision of the Adjudicator is binding.

IMPORTANT: You have to contact the Fund first, before approaching the Pension Funds Adjudicator.

Section 30A of the Pension Funds Act requires that a complainant must first approach the Fund and then the adjudicator. In practice, this does not always happen and complainants often go straight to the adjudicator. This resulted in extremely high volumes of complaints being received by the adjudicator's office. The adjudicator therefore publically announced that any complaints that have not been taken up with the Fund first, will in future be referred back to the member.



Other frequently asked questions

In this section

- What happens if there is a surplus in the Fund?
- How are the pensions of pensioners not resident in South Africa managed?
- What is the link between the Benefit Society and the Pension Fund?

What happens if there is a surplus in the Fund?

When a surplus arises in the Fund, the Trustees have to determine the origin of the surplus in order to allocate it to the relevant section within the Fund. For example, a surplus arising from a risk pool built up from active members' contributions will not be allocated to pensioners. Likewise, if a surplus builds up in the pensioner investment pool, this will not be allocated to active members. In some cases, both active members and pensioners will qualify to receive a portion of a surplus arising from, say, a common contingency reserve account.

The Employer has agreed to not claim its share of any surplus which may arise in the combined pensioner pool. This is of considerable value to pensioners – should the Fund be able to afford pension increases in excess of inflation as a result of good investment returns, the Employer will not share in this surplus. To put it differently, the Employer has no right to claim any surplus that may arise in the pensioner pool and pensioners will be the sole beneficiaries of any such surplus.

Please note: *Only Life Annuitants will qualify for any Fund surplus distribution arising from the pensioner pool, as Living Annuitants' investments are handled on an individual basis. If you are a Living Annuitant, any growth in your investments earned by good returns will automatically belong to you as part of your living annuity capital.*

How are the pensions of pensioners not resident in South Africa managed?

The pensions of pensioners who live abroad are managed in exactly the same way as pensioners resident in South Africa. The only differences are the following administrative requirements:

- If you are a pensioner not resident in RSA, the Fund will send you a Life Certificate in June and December of each year in order for the Fund to confirm your status for the purpose of continuing monthly pension payments. This Life Certificate must be completed and returned to the Fund to ensure the continued payment of your pension. See page 21 for more information.
- If you move abroad, you will also have to arrange for Reserve Bank Clearance, at your own cost, to enable the Fund to transfer your monthly pension to the currency of your new country of residence.

What is the link between the De Beers Benefit Society and the Fund?

Even though the Fund and the De Beers Benefit Society (medical scheme) are managed and administered from the same building in Kimberley, and also share a number of staff members for cost-efficiency, the Fund and the De Beers Benefit Society are two separate legal entities. There is no link between the two as far as pensioners' benefits and payments are concerned.

