



31 October 2024

Dear Nedbank Pensioner

2025 PRMA SUBSIDY

The purpose of this communication is to inform eligible pensioners that the PRMA subsidy will increase by 10,5%, effective 1 January 2025.

We set out below further information for your reference:

1. What is the PRMA subsidy?

This is a fixed rand amount payable each month to the relevant medical scheme, namely Bonitas Medical Fund (Bonitas), Discovery Health Medical Scheme (Discovery) or Bestmed Medical Scheme (Bestmed), on behalf of eligible Nedbank pensioners to partially subsidise the cost of their medical aid contribution. The amount of the post-retirement medical aid (PRMA) subsidy depends on the family make-up of the pensioner and is published annually. Annexure 1 lists the revised subsidy amounts.

2. Who is eligible to receive the PRMA subsidy?

Nedbank pensioners (and their eligible dependents) who had an unbroken employment service with Nedbank of at least 5 years at retirement and who retired before 1 June 2018 (when the PRMA subsidy was terminated for active employees) and retained continuous membership of Nedgroup Medical Aid Scheme (NMAS) until 31 December 2021, and thereafter with either Bonitas, Discovery Health or Bestmed medical schemes. The term 'pensioners' is used to refer to retirees and dependents of deceased members. The PRMA subsidy extends to the spouse on death of the eligible pensioner. New spouses and/or dependants after retirement do not qualify for the PRMA subsidy.

3. What is the contractual arrangement behind the PRMA subsidy?

Eligible pensioners enjoy a contractual right to this PRMA subsidy which originates from their terms and conditions of employment agreement with Nedbank. This is a Nedbank obligation. There is consequently no separate additional individual PRMA agreement between Nedbank and the eligible pensioner. You will continue to enjoy this subsidy as long as you belong to one of the Nedbank preferred medical schemes, which are currently Bestmed, Bonitas and Discovery.

4. How does the PRMA subsidy work with the three Nedbank medical schemes?

The introduction of the three medical schemes that replaced the NMAS, effective 1 January 2022, did not change your contractual right to the PRMA subsidy. The PRMA subsidy will follow the medical scheme and benefit plan you belong to, whether that be with Bonitas, Discovery or Bestmed. Remember that you can choose a different

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benefit plan or medical scheme each year, during the Nedbank Annual Benefit Review period, and no underwriting (i.e. waiting periods and penalties) will apply.

As was the case with NMAS, should you, or your dependents, withdraw membership with one of these schemes, the PRMA subsidy will also end (or reduce, as appropriate). The amount of the PRMA subsidy is limited to the cost of the medical scheme contribution – it cannot exceed the medical scheme contribution. The subsidy and the increase in the subsidy are the same, regardless of the medical scheme or specific benefit plan. Therefore, the PRMA subsidy will be the same regardless of the medical scheme (Bonitas, Discovery, and Bestmed) you belong to.

5. How is Nedbank's PRMA subsidy obligation funded?

In 2014, Nedbank insured this obligation with Old Mutual (OM) who issued an annuity policy to Nedbank. The policy includes a growth portfolio which is calculated and monitored by actuarial review to fund any increases to the medical aid subsidy. The PRMA subsidy is paid in terms of the policy by OM to the three medical schemes on behalf of Nedbank, in respect of the eligible Nedbank pensioners, being members of one of the three mentioned medical schemes. Eligible Nedbank pensioners are not parties to the OM Annuity Policy. The parties are Nedbank, OM and the three mentioned medical schemes.

6. How are increases to the PRMA subsidy decided?

There is no fixed formula that determines annual increases to the subsidy, which is subject to Nedbank management discretion. A committee, consisting of senior employees from Nedbank Group Finance and Group HR source input from OM as the annuity policy provider and consultants. The main considerations in deciding the increase are the performance of the policy assets, inflation and the average medical scheme contribution increases communicated by the schemes. Increases will tend to be below inflation in periods where policy asset performance has deteriorated in order to protect the sustainability of future increases. In periods of strong performance, the increases could be at, or possibly even above inflation.

- **Investment performance:** The underlying assets available to provide for the subsidy increases (the growth portfolio) are invested by OM with Nedgroup Investments, in the Core Guarded Fund (75%) and the Core Diversified Fund (25%). Over the last 12 months, both these funds performed in line with their strategic asset allocations and peers, and above their inflation targets.
- **Inflation:** CPI at 31 July 2024 was 4.6%.
- **Average medical scheme contribution increases:** The weighted average contribution increase for the participating Nedbank pensioners on the three schemes effective 1 January 2025 is 10,5% (see below).

	Announced increase
Bonitas Medical Fund (Amalgamated Scheme)	10.5%
Bestmed Medical Scheme	12.7%
Discovery Medical Health	9.8%
Weighted Average Increase	10.5%



Nedbank endeavours to maintain the PRMA subsidy increase in step with changes in the average medical scheme contribution increases of the three schemes, over time, but as noted above, consideration of the performance of the policy assets is taken into account.

7. What is the increase this year?

Because of past prudent decisions and the performance of the policy assets, Nedbank is able to increase the subsidy by 10.5% from 1 January 2025. With this increase, the actual cumulative weighted average medical scheme increases over the last 6 years equates to the cumulative annualised subsidy increases over the last 6 years.

This subsidy increase is some 5.9% above CPI at 31 July 2024. Increases at this level cannot be guaranteed in the future, as each year is assessed as per point 6 above.

8. How and when can I get more information?

- Visit the Nedbank Alexforbes website (<https://health.alexforbes.com/nedbank/>) for benefit plan comparisons, contribution calculators, brochures, contact details and other benefit information
- Attend a face to face pensioner session at one of the Alexforbes Offices, [click here](#) for schedule
- Attend a webinar, [click here](#) for the schedule
- Book a virtual consultation with an accredited healthcare consultant, to book, please [click here](#)
- You can also call the Alexforbes call centre on 011 269 2690 or e-mail nedbankmedicalaid@alexforbes.com.

You have until **30 November 2024** to make your choice, which can be made on the Alexforbes website. You do not need to do anything further if you are remaining on the same scheme and option. The new premium will reflect on your February bank statement, after deducting the new subsidy, as medical scheme premiums are paid in arrears. Therefore, the existing premium (after deducting the existing subsidy) will reflect on your January bank statement.

This communication is not intended to be a legal opinion or agreement. It aims to provide you with an overview of the principles applicable to the continuation of the PRMA subsidy for eligible Nedbank pensioners.

NEDBANK GROUP REWARD



Annexure: Subsidy table

	Member	Adult	Child
2023	R 1 591	R 1 591	R 637
2024	R 1 750	R 1 750	R 700
2025	R 1 934	R 1 934	R 774

Notes:

With effect from January 2023 the subsidy cap has been applied at family level rather than individual member level. This accommodates a small number of members belonging to specific plans. This will continue for 2025 but may be reviewed in future should circumstances change.