

# Old Mutual Unit Trusts Retirement Annuity Fund

Secure your future with the Old Mutual Unit Trusts Retirement Annuity Fund ('the Fund' or 'OMUTRAF'), a unit trust-linked retirement annuity fund that offers you investment choice, flexibility and peace of mind. The Fund is a registered<sup>1</sup> retirement annuity fund.

## Why do I need to invest for my retirement?

You need to provide for your living expenses once you stop work. This means you need to put money aside especially for your retirement — this is your retirement capital. Increasing inflation and escalations in the cost of living mean that it is not enough to save your money in a bank account. Your best chance of keeping pace with inflation over the longer term is to make sure your retirement capital is exposed to the growth potential of the markets.

A **retirement annuity fund** is a tax-efficient vehicle in which you invest prior to retirement, in order to have enough money from which to draw an income during retirement. When you retire you may opt to take a portion of the proceeds of your retirement annuity in cash (see more details under 'Benefits'). The remainder must be used to buy a life or living annuity from the insurer of your choice.

A **life or living annuity** is bought with the proceeds of your retirement annuity, provident or pension fund and will pay your retirement income. A life annuity offers guaranteed income for life and may or may not have a built-in escalation. A living annuity is a market-linked investment that has no guarantees attached and the value of your investment fluctuates with the markets. It is recommended that a living annuity should not be your sole source of retirement income. Note that not all retirement and pension funds allow you to purchase a living annuity.

## A tailor-made retirement plan

When you invest in the Fund you have access to Old Mutual's extensive range of local and global unit trusts, which means that you can structure your retirement portfolio to meet your personal retirement needs\*\*. So whether you have time in the market and want to focus on growth, or whether you are nearing retirement and want to protect your capital from market volatility, you can select the ideal mix of investments that will help you to achieve your goals. Selecting the right unit trusts to suit your specific retirement planning needs requires a good understanding of the investment markets and it may be wise to use the services of a qualified intermediary (adviser or broker).

More information on our Classic Investment Collection, as well as our entire range of unit trust funds, is available on [www.omut.co.za](http://www.omut.co.za).

As your needs change with time you have the flexibility to switch, at any time, between unit trusts available via the Fund to ensure that your portfolio is aligned with your life stage.

Keep watch over your future by accessing your portfolio 24/7 in our secure online environment where you can actively manage your investment at any time. To register go to [www.omut.co.za](http://www.omut.co.za).

## Acceptance of advice

If you need assistance you can speak to an intermediary (adviser or broker) of your choice about which unit trusts will match your risk profile, time horizon and retirement goals. While you are not obliged to use the services of an intermediary, it is recommended as it requires a good understanding of investments and markets to structure and maintain an effective investment portfolio. Please note that this may result in certain fees being included in your investment. You can read more about these under 'Fees and charges'.

## Invest now for your retirement

- **Affordability:** One of the best-priced retirement annuities in SA\*.
- **Choice:** Select your investment from our Classic Investment Collection of five core unit trusts, or from our full range of over 40 unit trusts\*\*.
- **Flexibility:** Adjust your portfolio to support your changing needs.
- **Ease:** Invest online at [www.omut.co.za](http://www.omut.co.za) or complete the paper-based application form and fax to 021 509 7117.

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OLD MUTUAL

<sup>1</sup> Registered with the Registrar of Pension Funds in terms of the Pension Funds Act of 1956 (Financial Services Board (FSB)

Registration Number: 12/8/29715) and approved by the Commissioner for Inland Revenue (SARS Approval Number: 18/20/4/34515).

\* The amount you pay depends on which unit trust funds you select.

\*\* Note: The composition of your OMUTRAF portfolio must comply with the asset class limits stated in regulation 28 of the Pension Funds Act; refer to 'Structuring your portfolio' overleaf.

## Structuring your portfolio

The composition of your portfolio must comply with the investment limits defined by regulation 28 of the Pension Funds Act. If the composition of your portfolio exceeds the investment limits stipulated below, the Board of Trustees of the Fund (the Trustees) will contact you and you will be required to restructure your portfolio. The maximum limits are:

- Total equity: 75%
- Property: 25%
- Offshore: 25%
- Africa: 5%

When structuring your portfolio underlying unit trust minimums apply.

## Benefits

**Investing in the Fund offers many benefits:**

### Affordability

The Old Mutual Unit Trusts Retirement Annuity Fund is among the most affordable retirement annuities available in South Africa. As there are no fees charged by the Fund, you only incur the unit trust charges according to your selection of unit trusts, plus any intermediary fees you may have negotiated.

### Retirement benefits

You may retire from the Fund at any stage from the age of 55 years and onwards. When you retire, you will be entitled to take up to one-third in cash — a portion of which may be tax free depending on your total portfolio of retirement investments. A minimum of two-thirds of the proceeds must be transferred into a life or living annuity from the insurer of your choice. The revenue authorities also allow you to take the full member investment portfolio benefit amount as a lump sum should its value be less than the prescribed amount.

### Tax benefits

Saving for your retirement not only makes good future sense but a portion of your contributions is also tax deductible. This applies to whichever of the three options below has the greatest value:

- 15% of your non-retirement funding taxable income. Your non-retirement funding income includes your taxable income, i.e. what remains of your salary after pre-tax deductions and contributions, as well as income from other sources that is not used to determine the percentage that you contribute to your employer's pension fund. This includes income derived from your investment portfolio, your car allowance, a 13th cheque and any annual bonuses you may receive.
- R3 500 less your current contributions to a pension fund, i.e. if you are already contributing R1 500 to a pension fund, R2 000 of your contribution to the Fund will be tax deductible.
- R1 750, which is the minimum allowable deduction.

Any growth on the capital value of your units is currently tax free. In addition, switches between unit trusts within your Fund will not trigger a capital gains tax event. Neither will benefits that are paid to you on leaving the Fund.

### Estate planning benefits & divorce

If you die while you are still a member of the Fund, the proceeds of your investment become available to your dependants and nominated beneficiary/beneficiaries. However, in terms of the Pension Funds Act of 1956, the Trustees are responsible for the fair and equitable distribution of the benefit among your dependants and nominated beneficiaries. For this reason the Trustees will take account of your nominations, but will not be bound by them as they are required to consider the needs of your legally defined dependants at the time of your death. In order for the Trustees to have the most relevant information on which to base their decisions, it is important for you to update your Beneficiary Nomination Form regularly.

In the event of the Fund being furnished with a valid divorce order in respect of a member's investment, the Trustees will comply with the terms of the order and make payments to the member's ex-spouse as required.

### Insolvency protection benefit

Your retirement annuity is protected in terms of the Pension Funds Act of 1956 and cannot be attached by your creditors should you be declared insolvent.

# Investments & withdrawals

## How to invest

- You can transfer investments from existing, approved pension/provident funds and retirement annuity funds, tax free.
- You can invest a lump sum, make regular payments on a monthly basis, or both:
  - Lump sum minimum investment: R10 000
  - Monthly debit order minimum: R500
  - Ad hoc: You may add to your investment at any time, subject to unit trust minimums and possible Fund limitations (see 'Structuring your portfolio').

You may stop your monthly contributions at any time. No penalties will apply and your capital will remain invested. You may also actively manage your portfolio even if you are no longer making contributions.

## Switches

You may switch between unit trusts at any time but within the prescribed limits explained under 'Structuring your portfolio'. You are also free to determine the composition of your portfolio at any time but in accordance with the same requirements.

## Early withdrawals

As this is a retirement savings vehicle, the value of your investment only becomes available at retirement. You may not access the proceeds of your investment prior to the age of 55 years, nor may it be ceded or pledged to secure a debt. This is in terms of revenue legislation and the registered rules of the Fund. The Trustees and the Administrator have no discretion over this. However, in the event that you can satisfy the Trustees that you are permanently incapable of carrying on your occupation due to infirmity of mind or body, you may retire prior to the age of 55, but the proceeds must still be used to purchase a life or living annuity within the parameters described in 'Why do I need to invest for my retirement?'.

In terms of section 14 of the Pension Funds Act of 1956, you may also transfer your membership of the Fund to any other registered and tax-approved South African retirement annuity fund of your choice.

## Emigration

On proven emigration recognised by the South African Reserve Bank (SARB) you may be entitled to receive the full portfolio value as a cash payment, which will be subject to taxation.

## Fees & charges

These charges are used by Old Mutual to cover all management and administration costs as well as any adviser fees payable to the intermediary, if you have chosen to use one.

### a) Initial fees

- No initial administration fee is charged on the product for lump sum and recurring investments of R500 or more. If an exception has been made to allow an investment below the investment minimum of R500, an initial administration fee of 2.28% will be charged.
- If you have used the services of a qualified financial intermediary, you may negotiate an initial adviser fee of a maximum of 3.42% (incl. VAT).
- Reinvested distributions incur no initial charge.
- The Fund reserves the right to charge a fixed administration fee. This is currently zero. Should this fee change, members will be notified in writing.

### b) Charges against the underlying unit trust funds

These fees are jointly reflected in the Total Expense Ratio of a unit trust, disclosing the historical fees paid over a one-year period:

- An annual service fee is calculated on the market value of a unit trust's assets (excluding income and permissible deductions). It is deducted daily from each underlying unit trust's portfolio. This fee may include adviser fee payments.
- Further fees that may be deducted from the unit trust's portfolio are compulsory and bank charges, brokerage, securities transfer tax, other taxes and levies, custodian and trustee fees, and audit fees.

Please refer to the unit trust fund fact sheet for more details on the fee structure of each individual unit trust.

## Fees & charges cont. Annual adviser fee

Over and above the initial adviser fees payable to the intermediary (adviser or broker) mentioned above, you may also negotiate an ongoing adviser fee up to a maximum of 1.14% per annum including VAT. If you establish such an agreement with your intermediary, this fee will be deducted from your retirement annuity fund's value on a monthly basis and paid to the adviser by the Fund in terms of the registered rules of the Fund.

**Note on transfers:** No upfront adviser fee is payable on transfers in from other retirement annuities. However, as a member, should you wish to pay a percentage of the amount in respect of an advice fee you are required to state this in writing each year. In addition, you may agree to pay ongoing advice fees on recurring contributions after the transfer.

## Rules & risks

All risks associated with this investment are carried in full by you. Because the value of a unit trust investment fluctuates with the markets, and the potential for fluctuations based on currency movements exists, the value of this investment cannot be guaranteed. The value may drop below your original investment amount due to negative market performance. We recommend that this should not be your only source of retirement savings.

- Interest and dividends (distributions) are automatically reinvested. This historical information is available on the individual unit trust fact sheets at [www.omut.co.za](http://www.omut.co.za).
- You are investing in a retirement annuity fund and members are subject to the registered rules of the Fund. The Fund is subject to the Pension Funds Act of 1956 and the Income Tax Act of 1962.
- Ownership of the underlying assets vests in the Fund and not the member.
- The Fund reserves the right to amend member benefits in the event of a legislative change to taxation rates or the type of tax that may apply.

## Good governance

The Trustees and the Principal Officer are responsible and accountable for the good governance of the Fund and aim to ensure that:

- the benefits owing to members are delivered
- the administrative process is transparent and the associated costs are transparent and quantifiable
- the Fund is administered in accordance with various regulatory frameworks, including the prudent management of Fund assets.

### Contact details:

#### Old Mutual Unit Trust Managers Limited (Sponsor)

(Registration no. 65/08471/06)

Mutualpark, Jan Smuts Drive, Pinelands 7405, South Africa, PO Box 207, Cape Town 8000, South Africa

**Telephone no.:** +27 (0)21 503 1770 **Helpline:** 0860 234 234 **Fax no.:** +27 (0)21 509 7100 **Internet address:** [www.omut.co.za](http://www.omut.co.za) **Email:** [unittrusts@oldmutual.com](mailto:unittrusts@oldmutual.com)

**Complaints:** Write to our Client Services Manager at the above address or call 0860 234 234. **Compliance Department:** +27 (0)21 503 1770

#### Old Mutual Investment Administrators (Pty) Ltd

(Registration no. 1988/003478/07)

Mutualpark, Jan Smuts Drive, Pinelands 7405, South Africa, PO Box 5408, Cape Town 8000, South Africa

**Telephone no.:** +27(0)21 503 1770 **Fax no.:** +27(0)21 509 7100 **Compliance Department:** +27(0)21 503 1770

Professional indemnity cover and fidelity insurance cover are in place.

Old Mutual Investment Administrators (Pty) Ltd is a third party administration and service provider to Old Mutual Unit Trust Managers Limited and is a licensed financial services provider.

#### Old Mutual Unit Trusts Retirement Annuity Fund

(FSB Registration no. 12/8/29715)

Mutualpark, Jan Smuts Drive, Pinelands 7405, South Africa, PO Box 207, Cape Town 8000, South Africa

**Telephone no.:** 0860 234 234 (RSA only), +27 (0)21 503 1770 (other countries) **Fax no.:** +27 (0)21 509 7117 **Email:** [retire@oldmutual.com](mailto:retire@oldmutual.com)

**SARS Approval Number:** 18/20/4/34515

**Chairman:** EM Gamble (independent), **Principal Officer:** AG Pelsler

**Trustees:** KJ MacKenzie (independent), JA Gerber, JP Malan, MR Young

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Unit trusts are generally medium- to long-term investments. Past performance is no indication of future performance. Shorter term fluctuations can occur as your investment moves in line with the markets. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. Unit trusts can engage in borrowing and scrip lending. The fund's TER reflects the percentage of the average Net Asset Value of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. A schedule of fees, charges and maximum commissions is available from Old Mutual Unit Trust Managers Ltd (OMUT). You may sell your investment at the ruling price of the day (calculated at 15h00 on a forward pricing basis and 17h00 at month-end for Old Mutual RAFI® 40 Tracker Fund, Old Mutual Top 40 Fund and SYMMETRY Equity Fund of Funds). The Old Mutual Money Market Fund unit price aims to be static but investment capital is not guaranteed. The total return is primarily made up of interest (declared daily at 13h00), but may also include any gain/loss on any particular instrument. In most cases this will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of reducing the capital value of the fund. Specialist equity funds may hold a greater risk as exposure limits to a single security may be higher. A feeder fund is a portfolio that, apart from assets in liquid form, consists solely of participatory interests in a single portfolio of a collective investment scheme. A fund of funds unit trust invests only in other collective investment schemes, which may levy their own charges. Certain funds may be capped to be managed in accordance with their mandates. Different classes of units apply to these portfolios and are subject to different fees and charges. Old Mutual Unit Trust Managers Ltd is a member of the Association for Savings and Investment South Africa (ASISA).