

ANNEXURE

DEFINITIONS, IMPORTANT INFORMATION & EXAMPLES

COMMUTATION ON RETIREMENT

Your benefit on retirement is the Fund Credit in your retirement fund. In terms of legislation, if you are in a pension fund you must use at least two-thirds of this amount to purchase a pension from a registered insurance company of your choice when you retire (although if your total retirement benefit is less than N\$50 000, the total benefit may be taken in cash). Any portion of your Fund Credit that you elect to take as cash may be subject to tax.

LIFE PENSIONS

A life pension is a type of pension where you pay an upfront amount to an Insurance Company when you retire. This company will then guarantee to pay your monthly pension for the rest of your life. Buying a life pension means that you will not run the risk of outliving your money as the Insurance Company guarantees that payment of your pension will continue until you pass away. The Insurance Company, therefore, takes on the risk should you live longer than they expect. Insurance Companies can sell life pensions to people because people who live longer than expected will be balanced out by people who pass away sooner than expected.

WITH-PROFIT LIFE PENSIONS

Under a with-profit life pension (such as OptiSelect), the Insurance Company uses the investment return earned on the assets backing the pension to declare an annual pension increase. The increases are not guaranteed, and the percentage of the increase depends on the investment return earned. The Insurance Company will smooth the pension increases over time.

SECOND LIFE

The second life is the person you nominate to continue to receive your pension in the event of your death. This

could be your spouse (husband or wife) but could also be any other nominated person.

SINGLE AND JOINT LIFE PENSIONS

A single life pension is a life pension that is payable for the rest of your life – no further amounts will be payable after you pass away (unless this is within the guaranteed period – see guaranteed period) even if you have a spouse, common law spouse or life partner and that person is still alive when you pass away. A joint life pension is a life pension that is payable for the rest of your life and will continue to be paid, usually at a reduced level (refer to second life percentage after this section), to your nominated second life for the rest of his/her life after you pass away. If the second life passes away before you do, no further amounts will become payable after your death (unless this is within the guarantee period). The benefit of buying a joint life pension is that the second life will continue to receive a pension after your death, ensuring that they can maintain their standard of living if you pass away.

SECOND LIFE PERCENTAGE

Your nominated second life will, likely, not require 100% of your pension to maintain his/her standard of living if you pass away before he/she does. In a joint life pension, the second life percentage is the percentage of your pension at the date of your death that will become payable to your nominated second life if you pass away before they do – this reduced pension will be payable until the second life passes away. There is no reduction to your pension if your nominated second life passes away before you do.

**Contact Old Mutual Corporate Segment at
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Old Mutual Life Assurance Company (Namibia) Limited.

OLDMUTUAL

OPTISELECT



CORPORATE
DO GREAT THINGS EVERY DAY



A PENSION IS ALSO OFTEN REFERRED TO AS AN ANNUITY. LEGISLATION REQUIRES THAT ON RETIREMENT FROM A PENSION FUND YOU USE AT LEAST TWO-THIRDS OF YOUR RETIREMENT CAPITAL TO PURCHASE A PENSION (ALTHOUGH IF YOUR TOTAL RETIREMENT BENEFIT IS LESS THAN N\$50 000, THE TOTAL BENEFIT MAY BE TAKEN IN CASH).

No such legislative requirement currently exists for provident funds. Nevertheless, depending on your personal financial circumstances, it may be beneficial to use part of your retirement capital to purchase a pension. This brochure provides details of the arrangement that is being made available to you and some important information on Old Mutual.

The Annexure provides some definitions and examples which you may find helpful in understanding your quotations and the terminology used in this document.

DETAILS OF THIS ARRANGEMENT

Old Mutual Corporate (a division of the Old Mutual Life Assurance Company (Namibia) Limited) offers you access to group rates on their OptiSelect product. These rates are possible because the pensions are made available on a group basis rather than an individual basis.

The pension quotation that you receive from Old Mutual will be based on your specific needs. This will be determined based on your individual circumstances in consultation with your financial adviser – each financial adviser can decide what is best for your specific needs.

IMPORTANT ISSUES WITH REGARD TO THE OLD MUTUAL OPTISELECT QUOTATIONS

- A.** The quotations are provided for your information if they may be of interest or use to you.
- B.** The provision of the quotations and this explanatory document are not intended to be advice. The quotations provide information on particular products and include the procedures for entering into a transaction in respect of these products.
- C.** There is a lot of information in this document, some of which is of a technical nature. It is, therefore, important that you fully understand it before determining whether a quotation is suitable for you or not.
- D.** The decisions that you make now regarding your retirement savings will have a huge impact on your financial security in future. You are strongly encouraged to seek advice from an appropriately qualified and registered financial adviser prior to making any decision about what to do with your retirement savings. This will ensure that you make the right decision, taking your personal needs and circumstances into account.

OLD MUTUAL LEVIES THE FOLLOWING CHARGES/FEEES:

TYPE OF FEE	AMOUNT
Investment management charge	0.75% to 0.85% of assets, per annum*
Capital charge	1.5% of assets, per annum
Administration fees - initial	N\$ 2 120
Administration fees - renewal	N\$ 95 per member per month (Select) N\$ 50 per member per month (Other)

