



OLDMUTUAL

THE SOUTH AFRICAN RETIREMENT ANNUITY FUND (SARAF)

ANNUITISATION STRATEGY
FREQUENTLY ASKED QUESTIONS



DO GREAT THINGS EVERY DAY

QUESTION	ANSWER
<p>ARE THERE OTHER ANNUITY OPTIONS AVAILABLE THAN THE TWO OPTIONS THAT SARAF OFFERS?</p>	<p>Old Mutual offers a wide selection of annuities. These include Level, Guaranteed Escalating, Inflation Linked and Living Annuities with more options. For more detailed information on these annuities, speak to your financial adviser.</p>
<p>QUOTATIONS & PURCHASE</p>	
<p>IS THERE ANY WAY OF KNOWING WHAT MY INCOME WILL BE BEFORE MAKING A FINAL DECISION?</p>	<p>Yes. The Retirement Benefits Counsellor (RBC) can provide you with quotes based on the information you provide and your preferences.</p>
<p>HOW LONG IS THE QUOTATION VALID?</p>	<p>The Guaranteed Bonus Escalation Annuity is valid for one week i.e. from Monday to Friday. The Living Annuity quotation is valid for one month.</p>
<p>DO I HAVE TO ACCEPT THIS QUOTE?</p>	<p>No, you are under no obligation to accept the quote.</p>
<p>ARE THERE ANY FEES PAYABLE FOR A QUOTE REQUEST?</p>	<p>No. There are no fees payable for requesting a quote.</p>
<p>DO I HAVE TO CONSULT A FINANCIAL ADVISER IN ORDER TO ACCEPT AN ANNUITY QUOTATION AND BUY THE ANNUITY?</p>	<p>No, but we highly recommend that you speak to an accredited financial adviser to do a full needs analysis for you.</p>
<p>CAN I CANCEL MY GUARANTEED ANNUITY OR LIVING ANNUITY ONCE IT HAS BEEN ISSUED?</p>	<p>The Guaranteed Annuity option may not be canceled. The Living Annuity can be transferred from one service provider to another.</p>
<p>CASH OPTION</p>	
<p>CAN I TAKE AN AMOUNT IN CASH FROM MY RETIREMENT ANNUITY WHEN I RETIRE?</p>	<p>Yes. You are allowed to take up to one third of your savings in cash. A portion of this will be taxed at 0% and part may also be taxable at rates lower than your usual tax rate.</p>

GUARANTEED TERM AND SECOND PERSON (APPLICABLE TO GUARANTEED ANNUITIES)

<p>WHAT DOES GUARANTEED TERM OPTION MEAN?</p>	<p>The income from a guaranteed annuity is payable for the rest of your life. The guaranteed term can be used to ensure the income continues after your death, should you pass away during the guaranteed term. You may choose a guaranteed term between 1 and 25 years. The longer your guaranteed term, the lower your starting income will be.</p>
<p>ONCE I'VE CHOSEN A GUARANTEED TERM, CAN I CHANGE IT LATER IF MY LIFE CIRCUMSTANCES CHANGE?</p>	<p>No.</p>
<p>HOW WILL MY STARTING INCOME BE IMPACTED IF I CHOOSE TO COVER A SECOND PERSON?</p>	<p>Choosing a second person to cover will reduce your starting income. However, the income will only stop when both lives covered have passed away.</p>
<p>IF I GET DIVORCED FROM THE SECOND PERSON COVERED (SPOUSE), MAY I REPLACE THEM WITH ANOTHER PERSON?</p>	<p>No. Once a second person has been added, he/she cannot be removed or changed. You will therefore not be able to add a different person at a later stage. In the event of divorce from the person you added as a second covered person, that person will still receive a regular income if you pass away before them.</p>

PAYMENTS & STATEMENTS

<p>WHEN WILL I RECEIVE MY INCOME?</p>	<p>You are allowed to choose when you receive your income (annually, bi-annually, quarterly or monthly) and the day on which it is paid.</p>
<p>CAN I CHANGE MY INCOME PAYMENT DATE?</p>	<p>Yes.</p>
<p>AM I ALLOWED TO CHANGE MY FREQUENCY OF PAYMENT? FOR EXAMPLE, FROM MONTHLY TO QUARTERLY?</p>	<p>Yes, payment frequency changes are allowed.</p>
<p>WILL I RECEIVE A STATEMENT?</p>	<p>Yes, members who invest in the Guaranteed Annuity will receive annual statements and members who invest in the Living Annuity will receive bi-annual and annual statements. In addition, these members will also receive an annual review letter, three months before their plan anniversary.</p>
<p>CAN I VIEW MY STATEMENT ONLINE?</p>	<p>Yes. Statements can be viewed online through 'MyPortfolio' which can be accessed via www.myportfolio.co.za or via the Old Mutual mobile app.</p>

ADMIN & TAX

<p>CAN I INSTRUCT OLD MUTUAL TO DEDUCT EXPENSES FROM MY INCOME BEFORE IT IS PAID TO ME?</p>	<p>No. Only SARS deductions and Court Orders may be deducted before the income is paid.</p>
<p>WILL MY INCOME BE SUBJECT TO TAX?</p>	<p>Yes. The tax deducted depends on the total amount of income that is payable from Old Mutual in the tax year and is based on the latest tax tables.</p>
<p>WILL I RECEIVE A TAX CONCESSION IF I WORK ABROAD (FOREIGN SERVICE EXEMPTION)?</p>	<p>No. The Foreign Service Exemption no longer applies under South African tax laws.</p>

FEES & CHARGES

<p>WHAT ARE THE TYPES OF FEES AND CHARGES ASSOCIATED WITH THE GUARANTEED AND LIVING ANNUITY?</p>	<p>Guaranteed Annuity:</p> <ul style="list-style-type: none"> • Investment management fee • Capital charge • Administration fees (already allowed for in the income payments) <p>Living Annuity:</p> <ul style="list-style-type: none"> • Investment management fees • Capital charge (depending on investment fund chosen) • Plan charge <p>These fees will be stipulated in the quotation submitted to you prior to making a decision.</p>
<p>DO I HAVE TO GET PROFESSIONAL FINANCIAL ADVICE BEFORE I DECIDE WHAT ANNUITY TO PURCHASE FROM THE OPTIONS THAT ARE AVAILABLE FROM SARAF?</p>	<p>No. You have free access to a Retirement Benefits Counsellor (RBC) who can give you factual information about your annuity options, however this is a critical financial decision that may require professional financial advice.</p> <p>Consulting with a professional financial adviser is highly recommended to make sure you get the right guidance and advice for your specific financial situation. The financial adviser may charge a fee for their advice.</p>
<p>I WANT TO INVEST IN ONE OF THE ANNUITIES OFFERED BY SARAF, BUT I HAVE AN ADVISER. CAN I GET HIM OR HER TO MANAGE THE INVESTMENT TRANSACTION FOR ME?</p>	<p>Yes. The adviser may charge an advice fee for completing a personal financial needs analysis, recommending the appropriate solutions and implementing your financial plan. Note: The RBC will be able to provide factual on the annuity strategy offered by SARAF and is not permitted to charge any advice fees</p>
<p>WHAT IF I HAVE A QUESTION AFTER I HAVE INVESTED? WHO CAN I CALL FOR HELP OR ANSWERS?</p>	<p>You may contact the Old Mutual service center on 0860 50 60 70 from Mondays to Fridays, 8am to 6pm.</p>

UNDERLYING INVESTMENTS

CAN I CHOOSE MY UNDERLYING INVESTMENT PORTFOLIOS?

The Guaranteed Annuity does not require members to choose underlying portfolios. The Living Annuity allows you to choose from a selection of approved investment portfolios.

CAN I SWITCH BETWEEN THE UNDERLYING INVESTMENT PORTFOLIOS ONCE I HAVE INVESTED IN THE LIVING ANNUITY?

Switches are allowed but it is recommended that you speak to a financial adviser to understand the implications of switching between different underlying investment portfolios.

WHY HAVE THE SARAF TRUSTEES LIMITED THE UNDERLYING INVESTMENT PORTFOLIOS AVAILABLE ON THE LIVING ANNUITY?

The relevant regulations only allow four investment portfolios. Members who are interested in a wider range of underlying investment portfolios can speak to their financial adviser about this.

If you decide to access and select an investment portfolio from the wider Max Income range, you will no longer be in line with the SARAF Trustees' annuitisation strategy.