



OLDMUTUAL

OLD MUTUAL SUPERFUND SOLUTIONS AT RETIREMENT



CORPORATE
RETIREMENT SOLUTIONS

DO GREAT THINGS EVERY DAY

OLD MUTUAL SUPERFUND

A TRUSTED PARTNER THROUGHOUT YOUR RETIREMENT JOURNEY

Saving in Old Mutual SuperFund (“the Fund”) has been an important step towards ensuring a rewarding retirement journey. As you come to the end of your working life, and look forward to this exciting new phase, you now need to make important decisions on where and how to invest your retirement savings to provide you with a retirement income for the years to come.

We understand that this period can be both exciting and daunting with the many decisions to be made. That is why the Fund remains committed to being your trusted partner, by offering you **access to the guidance, support, and solutions** you need to help you to achieve your desired retirement outcomes.

WE DO THIS BY PROVIDING YOU WITH:

- **MEMBER EDUCATION** through our Financial Wellbeing Programme (FWP), which you can access online at oldmutual.co.za/fwp or via member workshops at your workplace arranged through your employer.
- **MEMBER COMMUNICATION** to help you start thinking about your retirement decisions and the available options before you retire. These communications include your annual Member Benefit Statement, retirement-planning information shared from 10 years leading up to your retirement date and a view of what retirement income you could expect to receive based on your savings at retirement.
- **FREE TELEPHONIC OR ONLINE CONSULTATIONS WITH AN OLD MUTUAL SUPERFUND RETIREMENT BENEFITS COUNSELLOR** who can provide you with information and answer any questions you may have about the options available to you at retirement and the solutions which are available to you from the Fund. The Retirement Benefits Counsellor may not provide you with advice but can put you in touch with an accredited financial adviser should you require one.
- **THE OPTION OF FINANCIAL ADVICE** offered by an accredited financial adviser. For a fee, the financial adviser will look at your individual financial situation and needs, and help you make the retirement decisions best suited to your circumstances.



The table below will help you to understand the difference between the role of the Retirement Benefits Counsellor and the financial adviser as well as the services that each provides.

SERVICE OFFERED	RETIREMENT BENEFITS COUNSELLOR	FINANCIAL ADVISER
Explain how an annuity* works to give you a retirement income and what the different types of annuities are.	✓	✓
Explain the advantages, disadvantages and risks of the different types of annuities.	✓	✓
Outline the Fund's retirement solutions and the options that each makes available.	✓	✓
Explain the fees, charges and other costs in respect of the Fund's retirement solutions.	✓	✓
Discuss the tax implications of your retirement solutions.	✓	✓
Provide quotes on the Fund's retirement solutions so that you can see what your retirement income could be.	✓	✓
Ensure that all required documentation is properly completed and submitted to the Fund.	✓	✓
Provide ongoing information during your retirement on the Fund's retirement options, if required.	✓	✓
Put you in contact with an Old Mutual SuperFund Annuity Strategy accredited financial adviser, if required.	✓	✗
Outline retirement options other than from Old Mutual SuperFund.	✗	✓
Understand your personal circumstances and assess your financial needs in retirement.	✗	✓
Provide a recommendation based on your financial needs.	✗	✓
Provide ongoing advice as appropriate throughout retirement, based on your evolving financial needs.	✗	✓

*An annuity is the regular retirement income you receive during your retirement years, which is provided through a financial product or your retirement fund.



GETTING READY TO RETIRE?

While it is never too late to make a difference to your retirement plan, it is always better to plan ahead. Here, in general, are your options when you retire:

RETIRE FROM YOUR EMPLOYER AND DELAY PURCHASING AN ANNUITY

If you don't want to immediately use your retirement savings to access an annuity after retiring from your employer, you have the following options:

REMAIN INVESTED IN THE FUND

You may retire from your employer, choose not to access your retirement benefit and become a Deferred Retiree in the Fund. Although you will not be able to make further contributions, your retirement savings will remain invested and continue to earn tax-free investment returns until you are ready to access your benefit and retire from the Fund.

TRANSFER TO AN APPROVED RETIREMENT FUND

You may retire from your employer and transfer your retirement savings to an approved pension/provident preservation fund or retirement annuity fund. While the transfer will be tax-free, when going this route there are certain considerations to be made, such as the investment options, access to your retirement savings and the fees specific to the new preservation or retirement annuity fund. If you consider this option, it is recommended that you do this through a financial adviser. (Please note that the transfer of your deferred retirement benefit to another pension or provident fund is fully taxable.)

RETIRE FROM BOTH YOUR EMPLOYER AND THE FUND

TAKE PART OF YOUR RETIREMENT SAVINGS IN CASH

The amount you can take in cash depends on whether you belong to a pension or provident fund and the size of any provident fund benefits accumulated before 1 March 2021. If your retirement savings in the Fund fall below a legislated level, you may take all your benefits as cash. Cash benefits may be subject to tax.

Any amount taken in cash will reduce your retirement income. Please discuss any cash benefit with a Retirement Benefits Counsellor or a financial adviser, who will help you understand the trade-off between taking cash at retirement, and the tax implications of doing so, and a meaningful retirement income.

ACCESS AN ANNUITY

With the balance of your retirement savings, you must purchase an annuity or combination of annuities:

- Inside the Fund;
- Outside the Fund approved by the Fund Trustees; or
- Outside the Fund and not part of the Old Mutual SuperFund Annuity Strategy.

The most suitable option will depend on many factors including how much you have saved in your retirement fund, your circumstances, and your needs. The Retirement Benefits Counsellor and/or your accredited financial adviser are equipped to help you understand, and choose between, these options. Refer to the table above for the role of the Retirement Benefits Counsellor and financial adviser.

AN OVERVIEW OF THE MAIN TYPES OF ANNUITIES

Before discussing the annuity options provided by the Fund's Annuity Strategy, it is best to give you an overview of annuities in general. There are two main types of annuities: namely, a life-guaranteed annuity and a living annuity.

LIFE-GUARANTEED ANNUITY

A life-guaranteed annuity is provided by an insurer and **guarantees** to pay you an income for the rest of your life irrespective of how long you may live. This income is also guaranteed never to decrease.

When purchasing a life-guaranteed annuity from an insurer, you may elect to add a second life (e.g. your spouse, partner, or child over age 18) to receive an annuity in the event of your passing. You may also elect to add a guaranteed period which is the minimum term for which the annuity will be payable regardless of whether you and your nominated second life (if applicable) are still alive. The effect of adding a second life and/or a guaranteed period will be to reduce the amount of your starting retirement income. These are important considerations if you want to provide for your family after your passing.

The most common types of life-guaranteed annuities are:

- **LEVEL ANNUITY:** This pays you the same retirement income each year and never increases.
- **WITH-PROFIT ANNUITY:** This type of annuity participates in the investment profits of the assets underlying the annuity. Each year the insurer determines the level of increase, if any, that will apply to your retirement income. Once an increase has been applied to your annuity it becomes guaranteed and is payable for the rest of your life.
- **GUARANTEED ESCALATION ANNUITY:** Your retirement income increases annually by a fixed rate which is determined at the commencement of your annuity.
- **INFLATION-LINKED ANNUITY:** The annual increase to your retirement income is linked to inflation as measured by an appropriate inflation index.

The annuity type will influence how your monthly income will keep pace with inflation and your ability to maintain your lifestyle many years into retirement. However, the greater the inflation-protection provided, the lower the starting income will be. Each of these types of life guaranteed annuities will give you a different starting retirement income.

Once you have purchased a life-guaranteed annuity, you cannot cancel, replace or terminate your annuity policy.

LIVING ANNUITY

A living annuity allows you to choose into which investment portfolio your retirement savings are invested and what percentage, also known as the drawdown rate, of your total invested amount will get paid to you as a retirement income.

If your chosen drawdown rate is higher than the investment growth earned on the retirement savings invested in the annuity or if you live longer than expected, you will over time deplete your retirement savings and possibly run out of both retirement savings and retirement income.

Once you have purchased a living annuity, you can transfer to another living annuity or purchase a life-guaranteed annuity. Similarly, you can transfer a living annuity to a retirement fund, provided the living annuity policy permits such a transfer and the rules of the receiving retirement fund permit it to receive such a transfer.

THE PROVISION OF AN ANNUITY

Annuities, can be provided to you either by your fund (in which case it is called an in-fund annuity) or by an insurer (in which case it is called an out-of-fund annuity).

IN-FUND ANNUITIES

Where a retirement fund allows for in-fund annuities, your retirement savings are retained within the fund to which you are a member, and the fund pays you a retirement income.

OUT-OF-FUND ANNUITIES

For out-of-fund annuities, you can choose from a range of annuity providers, also known as insurers, and products in the market. Your retirement savings are transferred out of the fund of which you are a member to the insurer in order to purchase your selected annuity product from the insurer. The insurer is then responsible for paying you a retirement income.

ANNUITY OPTIONS OFFERED BY OLD MUTUAL SUPERFUND'S ANNUITY STRATEGY

Legislation requires retirement funds to establish an annuity strategy which must be designed to ensure that it provides appropriate annuity options to its members. Old Mutual SuperFund's Annuity Strategy provides for three annuity options designed to meet the different needs of most members. These options are approved and monitored by the Trustees, in terms of cost and suitability.

THE THREE ANNUITY OPTIONS ARE:

OLD MUTUAL FUND SELECT ANNUITY (FSA)	OLD MUTUAL MAX INCOME LIVING ANNUITY	OLD MUTUAL SUPERFUND LIVING ANNUITY
This is a life-guaranteed with-profit annuity . It is an out-of-fund annuity; therefore it is purchased in your name and your retirement income is paid by Old Mutual Life Assurance Company (South Africa) Limited.	This annuity is a living annuity . It is an out-of-fund annuity; therefore it is purchased in your name and your retirement income is paid by Old Mutual Life Assurance Company (South Africa) Limited.	This is a living annuity . It is an in-fund annuity where your retirement savings remain invested in the Fund and your retirement income is paid by Old Mutual SuperFund.
For more information or to obtain a copy of the Member Fact Sheets for each of these three options, refer to the Retirement Benefits Counsellors by emailing superfundannuity@oldmutual.com .		

THE MAIN DIFFERENCES BETWEEN THE THREE OPTIONS ARE:

OLD MUTUAL FUND SELECT ANNUITY (FSA)	OLD MUTUAL MAX INCOME LIVING ANNUITY	OLD MUTUAL SUPERFUND LIVING ANNUITY
AM I PROTECTED AGAINST RUNNING OUT OF INCOME IN RETIREMENT?		
<p>Yes, you will receive a guaranteed retirement income for the rest of your life. Any increases, once declared, are guaranteed.</p> <p>Although the aim is for increases to keep track with inflation over the long term, this is not guaranteed.</p>	<p>No, there is no guarantee that your retirement income will last for the rest of your life. Your retirement income can decrease or stop if your drawdown rate is higher than the investment returns earned net of fees on the amount of retirement savings invested in the annuity and/or if you live longer than expected.</p>	
CAN I SELECT THE INITIAL RETIREMENT INCOME?		
<p>No, your starting retirement income will be determined by Old Mutual based on various factors, such as the amount of your retirement savings, your expected lifespan, and the options you select (i.e., whether you choose a second life to receive an income and/or a guaranteed period).</p> <p>However, if you do want a given starting retirement income from this annuity (say R10 000 per month), Old Mutual will quote you a price to purchase this.</p>	<p>Yes, you choose what percentage (also known as a drawdown rate) between 2.5% and 17.5% of your retirement savings will be paid to you as a retirement income.</p> <p>To help you with this decision, the initial quotation provided to you will indicate a sustainable drawdown rate based on your age, gender and marital status.</p>	<p>Yes, you choose what percentage (also known as a drawdown rate) between 2.5% and the maximum drawdown rate based on your age*, of your retirement savings will be paid to you as a retirement income.</p> <p>*The Fund follows the guidance set in the draft Living Annuity Conduct Standards issued by the Financial Sector Conduct Authority (FSCA). The maximum drawdown rate is linked to your age and aims to provide you with a sustainable income during retirement.</p> <p>Depending on your age, your recommended drawdown rate will be between 4% and 7% and your maximum drawdown rate will be between 6.5% and 11.5%.</p> <p>Refer to the Old Mutual SuperFund Living Annuity Member Fact Sheet for the age-related drawdown rates.</p>
HOW ARE ANNUAL INCREASES DETERMINED?		
<p>Depending on various factors, including how well the investment markets perform, the annuity aims to provide a yearly increase in your retirement income. Once granted, the increase is guaranteed to be payable for the rest of your life, and will not be reduced or taken away</p>	<p>You determine your retirement income level on an annual basis.</p>	
	<p>You may increase your drawdown rate up to a maximum of 17.5%.</p>	<p>You may increase your drawdown rate provided you stay within the limits set by the Fund as mentioned above.</p>
CAN I CHOOSE WHERE MY RETIREMENT SAVINGS ARE INVESTED?		
<p>No, Old Mutual guarantees you a retirement income for life and offers the potential for annual increases, Old Mutual selects the investments that support this guarantee.</p>	<p>Yes, you have a choice to invest in 1 of the carefully selected investment portfolios.</p>	<p>Yes, you have a choice to invest in a maximum of 4 of the carefully selected investment portfolios.</p>
	<p>To help you, the Fund provides a default investment portfolio within the available range of portfolios.</p>	
	<p>You may switch between the investment portfolios provided.</p>	
AM I ABLE TO SWITCH TO ANOTHER ANNUITY?		
<p>No, a life-guaranteed annuity does not offer the option of transferring your annuity to another insurer, nor does it provide the option of changing it to a living annuity.</p>	<p>Yes, you may, at any time, transfer to the Old Mutual Fund Select Annuity, any other guaranteed-life or living annuity with any insurer, or a retirement fund in which you are a pensioner, provided the receiving fund permits such a transfer into it.</p>	

OLD MUTUAL FUND SELECT ANNUITY (FSA)	OLD MUTUAL MAX INCOME LIVING ANNUITY	OLD MUTUAL SUPERFUND LIVING ANNUITY
WHAT IS PAYABLE TO MY BENEFICIARIES OR ESTATE WHEN I PASS AWAY?		
<p>In exchange for the security of your income being guaranteed throughout your retirement, no death benefit is paid to your loved ones when you pass away, with the following two exceptions:</p> <ul style="list-style-type: none"> - if you choose a guaranteed period, and die before its expiry, the balance of the payments due for the term will be payable. - if you choose that a specified percentage of your retirement income be paid to a second life, then they will start to receive a retirement income. <p>Refer to the Old Mutual Fund Select With-profit Annuity Member Fact Sheet for the details of how the guaranteed period and second life operate.</p>	<p>Should you pass away before the value of your living annuity is used up, your nominated beneficiaries can elect to continue with the living annuity, to take all of the living annuity in cash less any applicable tax, or to purchase one annuity - whether a living annuity or a life annuity - from an insurer.</p> <p>However, if your nominee is a non-natural person (e.g. a company, trust or charitable organisation), it is required to take its benefit in cash less any applicable tax.</p> <p>In the absence of any nomination, the amount will be paid to your deceased estate</p>	
CAN I CHOOSE MORE THAN ONE ANNUITY?		
<p>Yes, if this will meet your needs, you may choose a combination of annuities at retirement (subject to minimum assets per annuity). However, post-retirement, when you are switching out of a living annuity, you cannot choose a combination of annuities, as the law requires that you may replace a living annuity with only one other type of annuity product.</p>		

NEED HELP WITH YOUR RETIREMENT PLANNING?

Say “Hi” on the SuperFund WhatsApp channel at 082 754 8146 for free information, guidance, or to book an appointment with one of our Old Mutual Retirement Benefits Counsellors (RBCs) or Financial Advisers.

You can also reach us via:

Email: superfundannuity@oldmutual.com | Telephone: 0860 388 873 or 021 508 0069

We're here to help you make confident retirement decisions.



Old Mutual SuperFund is the brand of both the Old Mutual SuperFund Pension and Provident Funds.

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