



OLD MUTUAL INFLATION-LINKED ANNUITY - FACT SHEET

PRODUCT OVERVIEW

As an employer, you want to ensure that the pension provided to your staff at retirement keeps up with inflation. Not only do you want to attract high-calibre recruits in future, but you also want to ensure that your pensioners have the best possible lifestyle protection available. This can be achieved in a cost-effective manner through the purchase of an inflation-linked annuity on a group basis. Old Mutual's Inflation-Linked Annuity allows employers to outsource their pensioner liability to Old Mutual with the guarantee that the member's pension will keep up with inflation.

HOW DOES THE INFLATION-LINKED ANNUITY WORK?

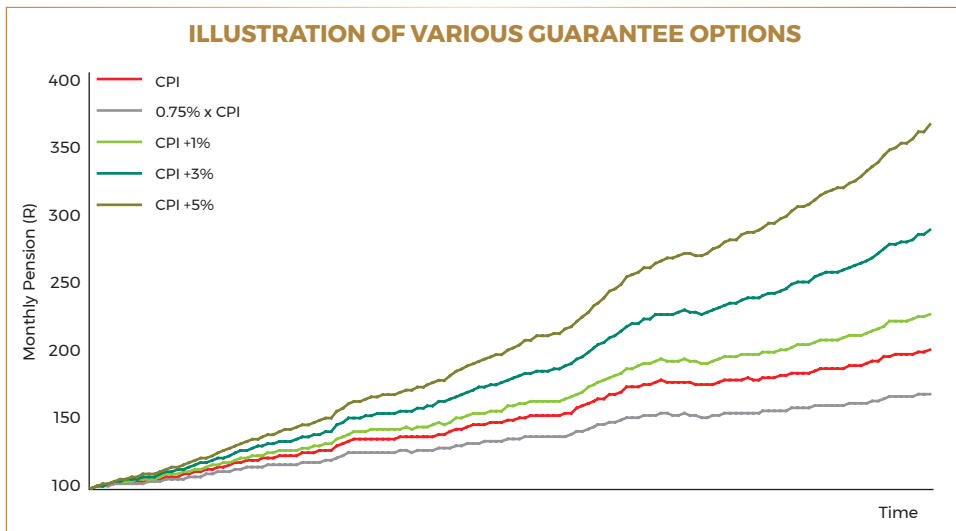
Old Mutual's Inflation-Linked Annuity offers a pensioner income that is guaranteed to increase in line with inflation for the duration of the pensioner's life. The Annuity also offers flexibility to trustees by including the option to choose the start date, frequency of payment, increase month and various other features. Increases are based on the CPI figures four months prior to the increase date.

INVESTMENT STRATEGY

The following guarantee options are available:

- 75% of CPI Inflation
- 100% of CPI Inflation
- CPI Inflation + 1%
- CPI Inflation + 2%
- CPI Inflation + 3%
- CPI Inflation + 4%
- CPI Inflation + 5%

The graph below shows the difference that various options can make.



Unless clients request otherwise, this guarantee also applies in the scenario where the year-on-year increase in CPI is negative. The amount of annuity payments would therefore reduce in line with the level of deflation.

OTHER FEATURES

- The Inflation-Linked Annuity will only be available as a compulsory purchase annuity for members retiring from pension, provident and retirement annuity funds.
- Old Mutual Investment Group (OMIG) manages the underlying investment portfolios.
- Income preservation is offered through Joint and Survivorship or Term Certain and Thereafter options.
- For increased flexibility, bulk switches from the Inflation-linked Annuity to Old Mutual Corporate's With-Profit Annuities are allowed.

OLD MUTUAL'S INFLATION-LINKED ANNUITY IS WELL SUITED TO CLIENTS WHO:

- Want to outsource risks to experts in the field of annuities.
- Want to protect their pensioners from the rising cost of living.
- Want guarantees that are backed by the financial strength and reputation of Old Mutual.
- Want efficient and reliable administrative capability.
- Want real value for members' money.

GROWTH OBJECTIVE

Value of the pension increase will never be below the inflation guarantee option chosen.

PROTECTION OBJECTIVE

Once declared, pension increases can never be revoked. Pensions can never decrease.

INCREASE FREQUENCY

Annual

FEES

Fees vary in relation to the increase option chosen. All fees are capitalised upfront and thus are included in the consideration.

FUND SIZE

R9.6 Billion (31 December 2018)

ASSET MANAGER

Old Mutual Investment Group (OMIG)

INCEPTION DATE

2003

CONTACT DETAILS

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