YOUR RETIREMENT JOURNEY GUIDE

Useful information about your retirement fund and the options it gives you

CORPORATE

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CONTENTS

THE RETIREMENT JOURNEY

Every person's journey to retirement is different. But there are a number of milestones that we all pass on the way to retirement.

		
ONBOARDING	EXIT/WITHDRAWAL (BEFORE RETIREMENT AGE)	RETIREMENT

DEFINITION

ONBOARDING	EXIT/WITHDRAWAL (BEFORE RETIREMENT AGE)	RETIREMENT
Joining fund through an employer	Leaving your employer before retirement age	Leaving your employer at retirement age

WHAT YOU NEED TO DO

ONBOARDING	EXIT/WITHDRAWAL (BEFORE RETIREMENT AGE)	RETIREMENT
Check your details and benefits	Speak to a Financial Adviser about your options	Speak to a financial adviser or Retirement Benefits Counsellor and decide on your retirement investment options.

WHAT ARE YOUR OPTIONS?

ONBOARDING	EXIT/WITHDRAWAL (BEFORE RETIREMENT AGE)	RETIREMENT
Choose your risk benefits (if available), contributions; choose your investments (if available).	Choose whether to withdraw your benefit in cash, put it in a preservation fund, or transfer it to a new employer fund.	Choose how much, if any, of your benefit you want to take in cash or preserve in a fund. Decide which annuity is best to give you the income you need.

Call 0860 388 873 to speak to a Retirement Benefit Counsellor or call 0860 60 60 60 to speak to a financial adviser for obligation free guidance

AN OVERVIEW OF YOUR FUND BENEFITS

As an Old Mutual Retirement Fund member, you have access to a range of valuable benefits depending on the choices made by your employer when providing the fund to staff. These benefits include some or all of the following:

RETIREMENT BENEFIT

The amount you save up, through your monthly contributions and those of your employer, in either your pension or provident fund. This benefit becomes available to you when you retire or leave the fund.

RISK BENEFITS

A selection of valuable financial benefits for you and your loved ones, including:

Death cover
Pays a lump sum to your beneficiaries if you die while still a fund member.

Disability cover
Pays a lump sum or regular amount if you become disabled while you're a fund member.

Income protection
Pays out for a specified period if you are unable to work and earn an income.

Lifestyle cover (dread disease)
Pays out if you are diagnosed with specified chronic diseases.

Family Funeral Cover
Pays out to help cover the costs of a funeral for you or a covered family member.

WHAT BENEFIT IS PAYABLE WHEN I RETIRE?

IF YOU ARE A MEMBER OF A PENSION FUND...

YOU CAN TAKE A MAXIMUM OF ONE-THIRD OF YOUR MEMBER ACCOUNT (THE AMOUNT YOU HAVE SAVED IN YOUR FUND) IN CASH AND THE REMAINING TWO-THIRDS MUST BE USED TO BUY A PENSION FROM ANY INSURANCE COMPANY. ALTERNATIVELY, YOU CAN USE YOUR FULL RETIREMENT FUND VALUE TO BUY A PENSION.

IF YOU ARE A MEMBER OF A PROVIDENT FUND...

YOU CAN PURCHASE A PENSION WITH YOUR FULL RETIREMENT FUND VALUE

YOU CAN TAKE ANY PORTION OF YOUR RETIREMENT FUND VALUE IN CASH AND USE THE REMAINDER TO BUY A PENSION

YOU CAN TAKE YOUR FULL RETIREMENT FUND VALUE IN CASH.

SHOULD I TAKE A CASH LUMP SUM AND WHAT SHOULD I DO WITH IT?

Your chosen pension must be purchased from a registered insurer and be in your name.

TIP CORNER

It's important to remember why you were saving in your retirement fund for all these years. For most people, these fund savings are a good way of making sure they receive a pension income after retirement. What you do with your lump sum is a very important decision and we strongly urge you to speak to a qualified Financial Adviser or Retirement Benefits Counsellor about the best options for you.

INVESTING FOR AN INCOME

BUYING AN ANNUITY TO RECEIVE A MONTHLY PENSION

There are many considerations for someone approaching their retirement date. These include general issues like where you will live and what you will do, as well as more specific financial decisions that will affect your financial security during your retirement. One of the most important decisions you need to make is how best to invest your retirement capital to ensure you get the income you need once you stop working.

REMEMBER: The purpose of you your retirement savings is to provide you with an income after you retire. So, making the right at-retirement investment decision is crucial.

YOUR BASIC ANNUITY OPTIONS

At-retirement annuities are products that you purchase with your retirement savings, and which then pay you a specified income every month. Listed below are the different types annuities which would provide a guaranteed income for your retirement.

FIXED ESCALATION ANNUITY
Your monthly pension will increase at a predetermined rate each year, offering some protection against inflation

WITH-PROFIT ANNUITY
You share in the investment returns – even though the size of increases is not guaranteed. The actual pension plus past increases are guaranteed and paid until you die.

LEVEL ANNUITY
Your monthly pension will remain exactly the same from year to year. This annuity therefore does not offer any protection against inflation.

INFLATION-LINKED ANNUITY
Your monthly pension will increase at an inflation-related rate. Your pension plus increases are guaranteed and paid until you die. This pension will keep up with inflation.

LIVING ANNUITY
You decide where your money is invested, and how much you withdraw (within certain limits) as a pension every year. There are no guarantees and if you don't manage your money well, it could run out and your pension will stop.

A FEW THINGS TO THINK ABOUT...

YOU CAN NOMINATE A SECOND LIFE

A second life is someone that you plan to support for the rest of his/her life. This is usually a spouse, or a child.

You can add them to your annuity and, should you pass away, your second life will receive a chosen percentage of your monthly income for the rest of their life. Adding a second life will lower the starting amount of income you receive from your annuity.

A CHILD CAN ONLY BE A SECOND LIFE IF THEY ARE OVER 18 YEARS OLD.

YOU CAN ALSO SELECT A GUARANTEE PERIOD

If you pass away during this guarantee period, your second life will receive your full monthly income until the end of the guarantee period, following which they will receive their percentage (allocated by you) for the rest of their life.

Nominate a beneficiary: if both you and your second life pass during the guarantee period, your nominated beneficiary will receive your income.

WHEN CAN I RETIRE?

NORMAL RETIREMENT AGE (NRA) or NORMAL RETIREMENT DATE (NRD)

Normal retirement date is at midnight on the last day of the month in which you reach your normal retirement age.

Normal **retirement age** is set by your employer in your terms and conditions of employment.

EARLY RETIREMENT DUE TO ILL HEALTH

If you are **unable, as a result of illness, to perform the duties required for your occupation,** you may retire earlier than your normal retirement date.

LATE (DEFERRED) NORMAL RETIREMENT

Not ready to retire? Check with your employer whether you can defer your retirement. This means that your funds remain invested and growing in the fund, after you leave your employer. Although, you will no longer make contributions to the fund.

EARLY RETIREMENT DUE TO TERMINATION (e.g. Retrenchment)

If your employer terminates your contract before your normal retirement age, but you are 55 years or older, you have the option to take an early retirement. You can exercise your retirement options, with the help of a Financial Adviser or Retirement Benefits Counsellor.

YOUR NOTES:

TIP CORNER

- Many people who would still like to continue working find that deferring their retirement allows them more time to grow their retirement savings
- Early retirement should only be viewed as an option when necessary. Speak to a Financial Adviser or Retirement Benefits Counsellor to ensure that you are making the correct decision for you

LEAVING YOUR FUND BEFORE RETIREMENT

If you are no longer working for your employer, you won't be a member of the Fund anymore. However, there are a number of actions you can take with your retirement savings:

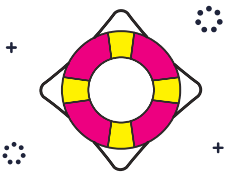
1. PRESERVE YOUR FUNDS IN YOUR CURRENT FUND

YOUR RETIREMENT STAYS ON TRACK

Preserving your retirement savings means keeping them invested, even though you aren't with your employer anymore. It's a good way to keep your retirement plan on track because your investment keeps on growing.

YOU BUY TIME TO MAKE GOOD CHOICES

By preserving your retirement savings, you can think carefully before making any important decision about what to do with your investment and you can speak to a Financial Adviser or Retirement Benefits Counsellor if you are unsure.



THE BENEFITS OF BEING A PRESERVER MEMBER

IT'S QUICK AND EASY

No forms, No fuss! The most important thing when choosing this option is that your fund has your latest contact details on record.

YOU KEEP YOUR OPTIONS OPEN

By preserving your retirement savings, you get to make whatever choice you like about them later, because your savings are always available to you.

2. MOVE YOUR RETIREMENT SAVINGS TO ANOTHER FUND

You can also keep your retirement savings invested by transferring the full amount to another retirement fund like:

- **A preservation fund**
- **A retirement annuity fund**
- **Your new employer's fund**

Remember that you need to find out if your move will be tax-free. **Speak to your employer or Financial Adviser about transferring funds.**

3. WITHDRAW SOME OF YOUR RETIREMENT SAVINGS IN CASH

The final option is to take some of your retirement savings in cash. **But beware of the risks!**

- Any cash you withdraw will be taxed
- Disinvesting your retirement savings will result in you losing out on extra growth potential
- You will have to start saving for your retirement from scratch – which means you will have to save more aggressively to reach your retirement goal

THINK ABOUT THE IMPACTS

It is wiser to invest your retirement savings rather than taking it in cash.

When you leave your retirement fund before retirement age, you are able to access your retirement savings in cash and use it as you wish. A portion of this cash may be tax free and more details of this are set out on the next page.

However, bear in mind that this money is intended for your retirement so it is best to consider preservation.

Any cash withdrawal will be subject to tax.

Let’s look at an example

EXAMPLE

RESIGNATION

Sipho has decided to resign from his job. He is weighing his options and is talking to his financial adviser about his retirement benefit. He has asked his Financial Adviser explain the tax implications of taking a cash lump sum.

WITHDRAWAL BENEFIT	TAX THAT SIPHO WILL PAY
R0 – R25 000	0%
R25 001 – R660 000	18% of the taxable income above R25 000
R660 001 – R990 000	R114 300 + 27% of the taxable income above R660 000
R990 001 and above	R203 400 + 36% of the taxable income above R990 000

Note: The same calculation applies in a dismissal

So, if Sipho withdraws R500 000:

R25 000 will be “taxed at 0%”, no tax, and the remaining R475 000 will be taxed at 18%.

Total tax: **R85 500**

Take home: R389 500

EXAMPLE

RETRENCHMENT

Fatima has been retrenched. She needs to make decisions about her finances so she asked her financial adviser about the tax implications of taking a cash lump sum.

WITHDRAWAL BENEFIT (RETRENCHMENT)	TAX THAT FATIMA WILL PAY
R0 – R500 000	0%
R500 001 – R700 000	18% of the taxable income above R500 000
R700 001 – R1 050 000	R36 000 + 27% of the taxable income above R700 000
R1 050 000 and above	R130 500 + 36% of the taxable income above R1 050 000

So, if Fatima withdraws R500 000:

If she has never withdrawn from her retirement savings before, she will not be taxed.

And if Fatima withdraws R800 000:

She will pay R63 000 in tax (R36 000 + 27% of R100 000).

REMEMBER

Every time you withdraw cash from a retirement fund, it adds up. So the amount of tax you pay each time will probably increase.

An adviser will make sure that the decisions you make about your retirement fund are best suited to you, taking your future retirement needs into account.

The tax rates in the tables on this page were correct at the time of producing this booklet. For the latest tax rates, please go to www.sars.gov.za.

GETTING READY TO RETIRE IN FIVE YEARS FROM NOW

Getting close to retirement? Having a financial to-do list will help get you there safe and sound - and set to enjoy retirement the way you've always wanted.

5 YEARS TO GO
SAVE FIRST, SPEND LATER. NOW IS THE TIME TO CHECK WHERE YOU STAND AND PUT AS MUCH AS YOU CAN INTO YOUR RETIREMENT FUND WHILE YOU'RE STILL EARNING. AT THE SAME TIME, DON'T NEGLECT PAYING OFF DEBTS.

6 MONTHS TO GO
RELOOK YOUR MEDICAL AID BENEFITS. IT'S A FACT OF LIFE THAT YOUR MEDICAL EXPENSES WILL INCREASE CONSIDERABLY FROM NOW ON. IF NECESSARY, UPGRADE TO A MORE COMPREHENSIVE PLAN THAT COVERS ALL DREAD DISEASES.

3 MONTHS TO GO
SPEAK TO A FINANCIAL ADVISER. WHAT WOULD BE BEST? TO TAKE YOUR PENSION MONEY AS A LUMP SUM OR TO CHANGE TO AN ANNUITY THAT WOULD ENSURE A MONTHLY INCOME? IF YOU CHOOSE TO INVEST IN AN ANNUITY, FIGURE OUT WHICH TYPE IS BEST FOR YOU
(See next page).

6 WEEKS TO GO
GET YOUR ADMIN IN ORDER. CHECK THAT YOU HAVE THE NECESSARY EXIT AND TAX DOCUMENTS AND THAT YOU HAVE THE NAME A CONTACT DETAILS OF THE FUND MANAGER.

THE BIG DAY
SAY GOODBYE TO YOUR COLLEAGUES AND GET READY TO DO THE THINGS YOU'VE ALWAYS WANTED TO BUT NEVER HAD THE TIME FOR.

LIFE ANNUITY OR LIVING ANNUITY?

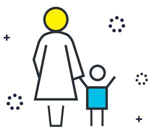
Unless you're in a provident fund, you are legally required to invest at least two thirds of your retirement savings in an annuity when you retire. At that point, you will have to decide between a life or a living annuity, each with its own benefits.

LIFE ANNUITY

A LIFE ANNUITY ASSURES YOU OF AN INCOME FOR THE REST OF YOUR LIFE, WHICH IS WHY IT'S ALSO KNOWN AS A GUARANTEED ANNUITY

1. A **life annuity** is a type of insurance whereby you pay a single amount to an insurer in exchange for a regular, predetermined income. You cannot change from a life to a living annuity.

2. At its most basic, a single-life annuity without any add-ons will stop paying upon your death.



3. If you'd like to provide for someone else, you can choose a **guaranteed payment period** that guarantees payment for the specified number of years, or you could **insure a second life.**

LIVING ANNUITY

WITHIN CERTAIN LIMITS, A LIVING ANNUITY LETS YOU DECIDE HOW MUCH YOU'D LIKE TO EARN. IT'S IMPORTANT NOT TO TAKE MORE THAN THE INVESTMENT GROWTH TO AVOID RUNNING OUT OF MONEY.

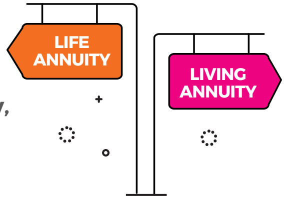
1. Because **living annuities** are linked to the underlying funds' performance, the value (your capital) could go up or down as with any other investment. You can change the drawdown rate (the percentage you take) once a year and you may change to a life annuity.

2. **Payouts will continue for as long as there is money** in the funds you chose to invest in. Therefore, it's important not to take out more than your investment earns. For example, don't take 6% when your capital is growing by 5%.

3. **If there is any money left** after your death, your **beneficiary can continue to receive your pension payouts** or get a lump-sum payment.

OLD MUTUAL ANNUITIES

With so many options available to you when you retire, it can be difficult to make the right decision about what to do with your retirement fund savings. Old Mutual has made it easier to make a good decision thanks to two easy, affordable and effective annuity options.



1. OLD MUTUAL FUND SELECT ANNUITY

The Old Mutual Fund Select Annuity is a packaged annuity option that pays you a guaranteed monthly pension for the rest of your life.

OLD MUTUAL FUND SELECT ANNUITY FACTS

- It's a **guaranteed annuity**
- It pays you an agreed **retirement income for life**
- Old Mutual **manages all the investment matters** for you
- The amount of the pension you get will depend on **how it is invested** and whether you also want a pension for your spouse
- Yearly increases are paid in line with **investment performance**
- There's **no payout for your beneficiaries** if you pass away

2. OLD MUTUAL MAX INCOME LIVING ANNUITY

This living annuity allows you to choose where your retirement savings are invested (from a pre-defined set of investment portfolios. You can also select what percentage (between 2.5% and 17.5%) of your investment amount will be paid to you as a regular annual income. This is called the drawdown rate.

OLD MUTUAL MAX INCOME LIVING ANNUITY FACTS

- You get to **choose where your retirement savings are invested** (from a range of provided options).
- You can decide **what income you want to receive** (within defined percentages).
- Any balance of your investment **can be left to your beneficiaries** when you pass away.
- Your income is **not guaranteed for life** - if you withdraw more than the growth on your investment, your money could run out.

NEED HELP ON YOUR RETIREMENT JOURNEY?

Planning and saving for your retirement is a very important part of your life. To make sure that you are making the best decisions about your future, it's always good to speak to a professional.

YOU COULD:

1. Ask your financial adviser for guidance. If you don't have an adviser, call us on 0860 60 60 60 and we'll put one in touch with you.
2. Speak to an Old Mutual Retirement Benefits Counsellor (RBC). They aren't advisers, but they'll give you all the info you need on your options at retirement - so you can make informed choices. Call 0860 388 873 to find out if the services of a free RBC are available to you.

OLDMUTUAL